Province of
Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities
(A - M)

FOR THE YEAR ENDED
31 MARCH 2011

Newfoundland
Labrador

Province of Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities

(A – M)

For The Year Ended
31 March 2011

PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books; A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization. This report includes board-signed financial statements of crown corporations, boards and authorities for their most recent fiscal year end up to March 31, 2011. In certain instances, the financial statements for their prior fiscal year end are included due to timing of obtaining board signatures. Financial statements older than one previous fiscal year end are excluded from this report.

Information on the financial position and results of operations of the Province for the 2010-11 fiscal year may be found in the following financial reports:

Public Accounts Volume I – Consolidated Summary Financial Statements

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Public Accounts Volume II – Consolidated Revenue Fund Financial Statements

This Volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies are also available on the Government's website at: http://www.fin.gov.nl.ca/fin/public_accounts/index.html

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This report includes the most recent fiscal year financial statements (current or one prior year), up to March 31, 2011, that have been received prior to the publication date. All earlier fiscal year statements have been excluded from this report. The financial statements of the following agencies were not received in time for the inclusion in this report:

Burin Peninsula Health Care Foundation Inc. (2010 & 2011)
C.A. Pippy Park Commission (2011)
C.A. Pippy Park Golf Course Limited (2011)
Discovery Health Care Foundation Inc. (2011)
Dr. H. Bliss Murphy Cancer Foundation (2011)
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Registrar of the Supreme Court (2011)
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Trinity-Conception-Placentia Health Foundation Inc. (2011)

BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES

FINANCIAL STATEMENTS

MARCH 31, 2011

NOSEWORTHY CHAPMAN
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Commissioners of Public Utilities

We have audited the accompanying financial statements of the Board of Commissioners of Public Utilities, which comprise the statement of financial position as at March 31, 2011, and the statements of revenues and expenditures, accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Commissioners of Public Utilities as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Noseworthy Chapman
Chartered Accountants
St. John's, Newfoundland & Labrador
May 24, 2011

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position
March 31, 2011

	2011	2010
ASSETS		
Current		
Cash	**$1,372,945**	$1,413,648
Receivables	**194,479**	94,617
Recoverable costs (Note 5)	**557,047**	1,022,865
Prepaid expenses	**14,771**	15,785
	2,139,242	2,546,915
Capital assets (Note 6)	**103,698**	93,987
	$2,242,940	$2,640,902
LIABILITIES		
Current		
Payables and accruals	**$ 137,112**	$ 144,887
Payroll accruals	**534,268**	463,367
Designated pension funds (Note 9)	**204,813**	159,864
	876,193	768,118
Commitments (Note 11)		
Subsequent event (Note 7)		
ACCUMULATED SURPLUS		
Invested in capital assets	**103,698**	93,987
Invested in designated pension funds	**(204,813)**	(159,864)
Internally restricted (Note 10)	**1,320,049**	1,272,610
Unrestricted	**147,813**	666,051
	1,366,747	1,872,784
	$2,242,940	$2,640,902

On Behalf of the Board:

DWhalen Acting Chairperson and CEO

Commissioner

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Revenues and Expenditures
Year Ended March 31, 2011

	2011	2010
Revenues		
Regulatory assessments	**$2,478,876**	$2,451,923
Interest and other income	**10,723**	2,386
Pension fund earnings, net of expenses (Note 9)	**(804)**	(895)
	2,488,795	2,453,414
Expenditures		
Amortization	**32,676**	12,239
Consulting fees	**144,246**	119,840
Office equipment, supplies and services	**64,792**	64,688
Pension obligations estimation adjustment (Note 9)	**44,145**	39,845
Rent and insurance (Note 11)	**245,297**	245,287
Salaries and associated costs	**1,700,134**	1,576,303
Telecommunications	**28,623**	31,901
Training and membership	**21,452**	34,174
Travel	**47,413**	25,685
	2,328,778	2,149,962
Excess of revenues over expenditures	**$ 160,017**	$ 303,452

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Accumulated Surplus
Year Ended March 31, 2011

	2011					2010
	Invested in Capital Assets	Invested in Designated Pension Funds	Internally Restricted (Note 8)	Unrestricted	**Total**	Total
Balance as at beginning of year	$ 93,987	$(159,864)	$1,272,610	$666,051	**$1,872,784**	$1,569,332
Excess of revenues over expenditures	(32,676)	(44,949)	-	237,642	**160,017**	303,452
Assessment reductions	-	-	-	(666,054)	**(666,054)**	-
Invested in capital assets	42,387	-	-	(42,387)	-	-
Restricted during the year	-	-	47,439	(47,439)	-	-
Balance as at end of year	$103,698	$(204,813)	$1,320,049	$147,813	**$1,366,747**	$1,872,784

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2011

	2011	2010
Operating activities		
Cash receipts from assessments and other revenues	$ 1,722,880	$ 2,424,067
Cash paid to suppliers and employees	(2,231,963)	(2,056,039)
Cash (used in) provided by operating activities	(509,083)	368,028
Hearing and review activities		
Decrease (increase) in recoverable costs	465,818	(901,831)
Cash provided by (used in) hearing and review activities	465,818	(901,831)
Investing activities		
Purchase of capital assets	(42,387)	(43,947)
Decrease in designated pension funds	44,949	40,740
Cash provided by (used in) investing activities	2,562	(3,207)
(Decrease) in cash during year	(40,703)	(537,010)
Cash position as at beginning of year	1,413,648	1,950,658
Cash position as at end of year	$ 1,372,945	$ 1,413,648

1. General

The Board of Commissioners of Public Utilities (the "Board") is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) establishing compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

2. Summary of significant accounting policies

Future changes in significant accounting policies

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective for the Board. The Board is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2013.

The Accounting Standards Board will be implementing Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations effective January 1, 2012. The organization will be assessing the impact of the new standards on its financial statements over the next year. Early adoption is permitted for the new standards.

The accounting policies adopted by the organization conform to generally accepted accounting policies in Canada for not-for-profit organizations. Significant accounting policies are as follows:

a) Operating revenues and expenditures

Operating revenues and expenditures are accounted for on the accrual basis.

b) Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are accrued until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenditures of the Board.

c) Capital assets

Capital assets are recorded on the Statement of Financial Position at their historical cost and are amortized as follows:

- Furniture and equipment - 20% declining balance method
- Computer hardware - 35% declining balance method
- Computer software - 50% declining balance method
- Leasehold improvements - the lesser of five year straight-line and remaining term of the lease

2. Summary of significant accounting policies (cont'd)

d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

f) Financial instruments

In accordance with section 3855, "Financial Instruments – Recognition and Measurement", the Board has classified its cash as held for trading and measures it at fair value. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of revenues and expenditures. Accounts receivable are classified as loans and receivables and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

g) Designated pension funds

The Board maintains a defined benefit pension plan for two former commissioners. The Board accrues its obligation under employee benefit plans, net of plan assets. The cost of the Board's defined benefit pension plan is actuarially determined using the accumulated benefit method. The actuarial assumptions are a rate of return of 4.70% per annum using the UP94 mortality table projected to 2020 with scale AA.

3. Financial Instruments

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk with respect to regulatory assessments. An allowance for doubtful accounts may be established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Board has a significant number of organizations subject to regulatory assessments which minimizes concentration of credit risk.

Fair Value

The Board's carrying value of cash, accounts receivable, recoverable costs and payables and accruals approximates its fair value due to the immediate or short term maturity of these instruments.

4. Capital Management

The Board's objective when managing capital is to ensure its ability to meet operating commitments as they become due. This is achieved primarily by continuously monitoring its actual and projected cash flows and making adjustments to capital as necessary.

5. Recoverable costs

	2011	2010
Recoverable costs, beginning of year	**$1,022,865**	$ 121,034
Add – specific enquiry costs incurred during the year:		
Consulting fees	**308,521**	405,713
Consumer Advocate	**281,689**	529,450
Legal	**54,627**	63,955
Transcription and printing	**1,021**	11,994
Advertising and notice	**3,602**	26,235
Other	**97,375**	904
	746,835	1,038,251
	1,769,700	1,159,285
Less – costs recovered during the year	**1,212,653**	136,420
Recoverable costs, end of year	**$ 557,047**	$1,022,865

6. Capital assets

	2011			2010
	Original Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Furniture and equipment	$263,327	$219,058	**$ 44,269**	$ 31,350
Computer hardware	142,976	119,627	**23,349**	22,201
Computer software	63,234	30,397	**32,837**	39,814
Leasehold improvements	136,528	133,285	**3,243**	622
	$606,065	$502,366	**$103,698**	$ 93,987

7. Subsequent event

The Board entered into a contract for telecommunications subsequent to year end. The annual expenditure is $14,400 for the next three years.

8. Bank credit agreement

The Board has established a $1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%.

9. Designated pension funds and pension obligations

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

The Board maintains a defined benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with RBC Dexia Investor Services Trust on behalf of these pensioners and are recorded at market value.

	2011	2010
Balance on deposit, beginning of year	**$ 135,736**	$ 202,076
Add – earnings net of expenses	**(804)**	(895)
	134,932	201,181
Deduct – benefit payments	**65,445**	65,445
Balance on deposit, end of year	**69,487**	135,736
Related pension obligation	**(274,300)**	(295,600)
	$(204,813)	$(159,864)

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated April 13, 2010. A pension obligations estimation adjustment of $44,145 (2010 - $39,845) is included in expenses in the fiscal year.

In addition, other commissioners and employees for which no designated pension plan has been established are members of The Public Service Pension Fund Act 1991. Pension contributions deducted from commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to commissioners and employees when they retire. The Board's share of pension expense for the year of $113,038 (2010 - $102,942) is included in salaries and associated costs.

10. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2011 are as follows:

	2011	2010
Lease commitments	**$ 217,475**	$ 217,475
Payroll contingency	**85,653**	82,160
Redundancy pay contingency	**582,755**	559,297
Working capital	**434,166**	413,678
	$1,320,049	$1,272,610

11. Commitments

The Board has the following lease commitments for the rental of office space in St. John's and Grand Falls-Windsor:

St. John's

a) lease agreement in the amount of $17,417 per month ($209,004 per annum), concluding May 31, 2013.

Grand Falls-Windsor

b) lease agreement in the amount of $2,825 per month ($33,900 per annum), payable on a month-to-month basis with a three month termination period.

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2011

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Business Investment Corporation
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Business Investment Corporation which comprise the statement of financial position as at 31 March 2011, the statement of equity, the statement of revenues and expenses and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Report (cont.)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Business Investment Corporation as at 31 March 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

29 June 2011
St. John's, Newfoundland and Labrador

STATEMENT 1

BUSINESS INVESTMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

31 March	2011	2010
ASSETS		
Cash (Note 2)	$ 20,410,488	$ 19,086,034
Due from Province	13,000	13,000
Bank interest receivable	17,653	6,874
Loans and equity investments (Note 3)	8,247,736	7,984,235
Long-term investments (Note 4)	9,422	9,422
	$ 28,698,299	$ 27,099,565
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	$ 22,558	$ 13,000
Borrowers' deposits	-	68,517
	22,558	81,517
Equity	28,675,741	27,018,048
	$ 28,698,299	$ 27,099,565

Contingent liabilities (Note 5)
Commitments (Note 6)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Director of Portfolio Management

BUSINESS INVESTMENT CORPORATION
STATEMENT OF EQUITY

For the Year Ended 31 March	2011	2010
Contributed capital (Note 7)		
Balance, beginning of year	**$ 47,795,061**	$ 48,681,122
Aquaculture Working Capital Fund reserve (Note 2)	**3,765**	2,131
Principal written off, net of recoveries (Note 3)	**(3,659,603)**	(888,192)
Balance, end of year	**44,139,223**	47,795,061
Deficit		
Balance, beginning of year	**(20,777,013)**	(21,694,704)
Excess of revenues over expenses	**1,653,928**	29,499
Principal written off, net of recoveries (Note 3)	**3,659,603**	888,192
Balance, end of year	**(15,463,482)**	(20,777,013)
Equity, end of year	**$ 28,675,741**	$ 27,018,048

See accompanying notes

STATEMENT 3

BUSINESS INVESTMENT CORPORATION
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 March

	2011	2010
REVENUES		
Interest on loans	$ 658,054	$ 948,807
Other investment income	157,791	91,556
Contributions from Province		
Business Marketing and Development Program	1,000,000	1,000,000
Other Provincial contributions (Note 9)	998,516	987,270
Recovery in value of loans receivable and equity investments (Note 3)	452,399	-
	3,266,760	3,027,633
EXPENSES		
Business Marketing and Development Program	605,981	663,590
Provision for decline in value of loans receivable and equity investments (Note 3)	-	1,342,240
Operating expenses (Note 9)	998,516	987,270
Bank charges	2,761	3,200
Miscellaneous expense	5,574	1,834
	1,612,832	2,998,134
Excess of revenues over expenses	$ 1,653,928	$ 29,499

See accompanying notes

STATEMENT 4

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2011	2010
Cash flows from operating activities		
Excess of revenues over expenses	$ 1,653,928	$ 29,499
Add non-cash items		
Provision for (recovery) decline in value of loans receivable and equity investments	(452,399)	1,342,240
	1,201,529	1,371,739
Change in non-cash operating items		
Due from Province	-	(13,000)
Bank interest receivable	(10,779)	(6,874)
Accounts payable and accrued liabilities	9,558	13,000
Borrowers' deposits	(68,517)	-
	1,131,791	1,364,865
Cash flows from investing activities		
Increase in loans and equity investments	(2,880,038)	(3,457,496)
Collection of loans and equity investments	3,068,936	2,836,301
	188,898	(621,195)
Cash flows from financing activities		
Aquaculture Working Capital Fund reserve	3,765	2,131
	3,765	2,131
Net increase in cash	1,324,454	745,801
Cash, beginning of year	19,086,034	18,340,233
Cash, end of year	$ 20,410,488	$ 19,086,034

See accompanying notes

Authority

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective 1 April 2002. Under this *Act*, the Business Investment Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Also under this *Act*, the *Fisheries Loan Act*, the *Farm Development Loan Act*, the *Economic Recovery Commission Act* and the *Enterprise Newfoundland and Labrador Corporation Act* were repealed.

1. Summary of significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

(b) Equity investments

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

1. Significant accounting policies (cont.)

(c) Revenue recognition

Contributions from the Province are recorded as revenue by the Corporation.

Interest income is accounted for on the accrual basis for bank interest and all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Dividends are recorded as income when received.

2. Aquaculture Working Capital Fund

On 30 March 2001, Enterprise Newfoundland and Labrador Corporation, a predecessor of the Corporation, entered into an agreement with the Federal and Provincial Governments to set up the Aquaculture Working Capital Fund (AWCF). The AWCF assists individuals and companies in the shell fish industry throughout the Province through repayable loans. The AWCF is a revolving fund in which the Corporation retains the loan repayments for future aquaculture loans until the conclusion of the agreement. The agreement was scheduled to conclude on 31 March 2011; however, it is expected to be extended for 3 years, at which time the Corporation will reimburse all monies to the Federal and Provincial governments based on the proportions of their contribution. The Fund is recorded as contributed capital and, for the year ended 31 March 2011, increased by $3,765 (2010 - $2,131).

To date the Corporation has received funding totalling $1.5 million based on contributions of $1.3 million in Federal funding from the Canada/Newfoundland Strategic Regional Diversification Agreement, and $160,000 Federal and $40,000 Provincial funding from the Canada/Newfoundland Agreement on Economic Renewal.

As at 31 March 2011, the AWCF had 14 loans outstanding totalling $1,087,345 (2010 - 14 loans totalling $1,103,185). During 2003-04 the Corporation established a separate loan portfolio and bank account to administer the AWCF and assist in identifying payments that are received and held for future loans. As at 31 March 2011, the AWCF had a cash balance of $543,266 (2010 - $487,437) which is included in these financial statements as part of the total cash funds of $20,410,488 (2010 - $19,086,034).

3. Loans and equity investments

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

3. Loans and equity investments (cont.)

	2011	2010
Loans receivable		
Principal due and unpaid	$ 15,932,332	$ 16,683,045
Principal not yet due	12,695,196	13,434,145
Interest due and unpaid	3,275,892	3,174,387
	31,903,420	33,291,577
Less: allowance for decline in value	(23,780,923)	(25,512,763)
	8,122,497	7,778,814
Equity investments		
Equity investments, at cost	17,248,970	19,927,818
Less: allowance for decline in value	(17,123,731)	(19,722,397)
	125,239	205,421
Loans and equity investments	$ 8,247,736	$ 7,984,235

The allowance for decline in value of loans receivable and equity investments consists of the following:

	2011	2010
Balance, beginning of year	$ 45,235,160	$ 44,957,215
Principal written off, net of recoveries	(3,659,603)	(888,192)
Interest written off, net of recoveries	(218,504)	(176,103)
Provision for (recovery) decline in value of loans receivable and equity investments	(452,399)	1,342,240
Balance, end of year	$ 40,904,654	$ 45,235,160

The allowance for decline in value represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

4. Long-term investments

Long-term investments consist of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares is recognized at the fair market value of $9,422 as determined by the share price at the time of the transfer of shares to the Corporation. The fair market value of these shares as at 31 March 2011 was $20,506 (2010 - $21,711).

5. Contingent liabilities

(a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the $900,000 to $1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of $1,800,000. The Province will not appeal this decision.

(b) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of $811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

6. Commitments

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of $2,312,465 (2010 - $2,667,544).

7. Contributed capital

Contributed capital represents accumulated capital contributions from the Province and the Government of Canada. These contributions are used for the purpose of making loans, equity investments, and providing business and market development grants. The Corporation depends on these capital contributions to carry out its mandate.

8. Financial instruments

The Corporation's financial instruments recognized on the statement of financial position, in addition to the long-term investments described in Note 4, consist of cash, due from Province, bank interest receivable, loans and equity investments, and accounts payable and accrued liabilities. The carrying values of cash, due from Province, bank interest receivable, and accounts payable and accrued liabilities approximate current fair value due to their nature and the short-term maturity or current market rate associated with these instruments.

The Corporation's loans and equity investments are recognized on the statement of financial position at cost with provision being made for any decline in their value. Any estimated impairment of these loans and equity investments has been provided for through an allowance for decline in value and no further credit risk exists for these items. The carrying value of loans and equity investments approximates discounted value of expected receipts. Therefore, their carrying values approximate their current fair value and these instruments are not subject to any material interest rate risk.

9. Related party transactions

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development. Expenses related to salaries, accommodations and administration totalling $998,516 (2010 -$987,270) are paid directly by the Department and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

10. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

C.A. PIPPY PARK COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2010

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

I have audited the consolidated balance sheet of the C.A. Pippy Park Commission as at 31 March 2010 and the consolidated statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
11 June 2010

C.A. PIPPY PARK COMMISSION
CONSOLIDATED BALANCE SHEET

31 March	2010	2009
ASSETS		
Current		
Cash	$ 213,662	$ 234,285
Accounts receivable (Note 2)	45,564	91,320
Merchandise inventory - at the lower of cost and net realizable value	17,012	14,765
Prepaid expenses	19,032	21,253
Prepaid supplies	11,154	12,234
	306,424	373,857
Capital assets (Note 3)	1,992,474	2,102,714
	$ 2,298,898	$ 2,476,571
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 189,402	$ 142,134
Deferred revenue (Note 4)	134,259	65,458
Obligations under capital lease (Note 5)	49,950	28,765
	373,611	236,357
Obligations under capital lease (Note 5)	91,604	95,917
Accrued severance pay	145,315	123,638
Advance from Province of Newfoundland and Labrador (Note 6)	250,000	250,000
	860,530	705,912
Equity		
Surplus	1,438,368	1,770,659
	1,438,368	1,770,659
	$ 2,298,898	$ 2,476,571

Contingent liabilities (Note 7)

See accompanying notes

Signed on behalf of the Board: Chairperson Member

C.A. PIPPY PARK COMMISSION

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2010		2009
	Actual	Budget	Actual
REVENUES			
Province of Newfoundland and Labrador			
Operating grant (Note 8)	$ 350,000	$ 350,000	$ 350,000
Golf Course (Note 9)	756,912	835,572	732,589
Trailer park (Note 10)	502,571	469,000	456,945
Services	223,431	224,000	211,861
Clubhouse (Note 11)	216,216	202,000	195,340
Rental	69,021	52,100	60,256
Advertising	19,061	20,000	18,036
Miscellaneous	5,019	200	1,551
Interest	671	6,000	12,325
Gain on sale of capital assets	15	-	-
	2,142,917	2,158,872	2,038,903
EXPENSES			
Advertising and promotion	18,330	16,500	27,467
Amortization	256,044	263,000	265,708
Bad debts	323	-	2,570
Bank charges	35,388	37,000	32,018
Building maintenance	76,914	105,000	82,052
Course maintenance	89,480	61,800	59,851
Donation	-	1,000	-
Equipment maintenance	75,456	79,688	42,490
Fuel	54,467	71,350	66,900
Heat, light and telephone	141,002	151,955	145,207
Honoraria	980	7,500	1,055
Insurance	56,220	58,000	55,846
Interest on capital lease obligations	12,578	9,600	10,808
Loss on disposal of asset	300	-	2,096
Miscellaneous	11,820	24,500	16,612
Office	10,031	17,000	10,421
Professional fees	43,665	20,000	36,117
Salaries and employee benefits	1,557,803	1,568,000	1,436,550
Supplies	45,907	44,100	42,354
Training	200	3,000	1,140
Travel	-	4,000	2,626
	2,486,908	2,542,993	2,339,888
Excess of expenses over revenues from operations	(343,991)	(384,121)	(300,985)
Other revenues			
Property sales	11,700	-	-
Excess of expenses over revenues	(332,291)	(384,121)	(300,985)
Surplus, beginning of year	1,770,659	1,770,659	2,071,644
Surplus, end of year	$ 1,438,368	$ 1,386,538	$ 1,770,659

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2010	2009
Cash flows from operating activities		
Excess of expenses over revenues	$ (332,291)	$ (300,985)
Adjustment for non-cash items		
Amortization	256,044	265,708
Loss on disposal of capital assets	300	2,096
Gain on sale of capital assets	(15)	-
Bad debts	323	2,570
	(75,639)	(30,611)
Changes in non-cash working capital		
Accounts receivable	45,433	(24,398)
Merchandise inventory	(2,247)	4,109
Prepaid expenses	2,221	3,752
Prepaid supplies	1,080	(48)
Accounts payable and accrued liabilities	47,268	(20,617)
Deferred revenue	68,801	(18,747)
	162,556	(55,949)
Increase in accrued severance pay	21,677	4,294
	108,594	(82,266)
Cash flows from investing activities		
Additions to capital assets - purchased from operations	(93,795)	(350,261)
Additions to capital assets - purchased under capital lease	(54,490)	(6,112)
Reclassification of capital asset	-	22,639
Sale of capital assets	2,196	2,929
	(146,089)	(330,805)
Cash flows from financing activities		
Increase (decrease) in capital lease obligations	54,490	(19,456)
Repayment of capital lease obligations	(37,618)	(27,314)
	16,872	(46,770)
Net decrease in cash	(20,623)	(459,841)
Cash, beginning of year	234,285	694,126
Cash, end of year	$ 213,662	$ 234,285

See accompanying notes

Authority

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under authority of the *Pippy Park Commission Act*. The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

The C.A. Pippy Park Golf Course Limited (the Golf Course) was incorporated on 6 January 2006 under Section 15 of the *Corporations Act*. It is a wholly owned subsidiary of the Commission, incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act*. It's purpose is to manage the Pippy Park Golf Course.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

The consolidated financial statements include the assets, liabilities and equity of the C.A. Pippy Park Commission and its subsidiary corporation, C.A. Pippy Park Golf Course Limited. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Capital assets

(i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture and equipment	30%
Vehicles	30%
Equipment under capital lease	30%
Buildings	10%
Park improvements	10%
Golf course improvements	10%

(ii) Many capital assets have been financed through capital grants from the Province of Newfoundland and Labrador. The expended portion of these grants has been deducted from the applicable capital assets on the consolidated balance sheet and amortization has been calculated on the net amount.

1. Significant accounting policies (cont.)

(iii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels for management employees of the Commission and those employees represented by the Newfoundland and Labrador Association of Public and Private Employees. The entitlement to severance pay vests after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. For employees of the Commission, the amount is payable when the employee ceases employment in the public service. If an employee of the Commission transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity. For Golf Course employees represented by the Newfoundland and Labrador Association of Public and Private Employees the amount is payable when the employee ceases employment with the Corporation unless they transfer to another entity of the Province. Other Golf Course employees do not qualify for severance pay.

(d) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

2. Accounts receivable

	2010	2009
Trade	$ 52,790	$ 53,606
Harmonized sales tax	5,202	49,819
	57,992	103,425
Less: allowance for doubtful accounts	12,428	12,105
Net accounts receivable	$ 45,564	$ 91,320

3. Capital assets

	2010				2009
	Cost	Capital Grants	Accumulated Amortization	Net Book Value	Net Book Value
Park					
Land (Note 3(a) and 3(b))	$ 6,035,850	$ 6,030,728	$ -	$ 5,122	$ 5,122
Furniture and equipment	283,372	111,237	152,039	20,096	27,149
Vehicles	122,842	122,842	-	-	-
Equipment under capital lease	101,911	-	59,465	42,446	60,637
Buildings	921,798	701,083	141,632	79,083	87,870
Park improvements	1,712,542	959,928	198,277	554,337	525,907
Assets under construction	65,517	-	-	65,517	65,517
	9,243,832	7,925,818	551,413	766,601	772,202
Golf Course					
Land (Note 3(a) and 3(b))	1,809,696	1,809,696	-	-	-
Golf course improvements	1,346,311	99,999	467,715	778,597	865,108
Buildings	522,893	10,725	192,059	320,109	355,677
Equipment under capital lease	94,089	-	31,280	62,809	28,178
Furniture and equipment	297,234	34,662	198,214	64,358	81,549
	4,070,223	1,955,082	889,268	1,225,873	1,330,512
	$ 13,314,055	$ 9,880,900	$ 1,440,681	$ 1,992,474	$ 2,102,714

(a) Capital assets not included in consolidated financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these consolidated financial statements. The land recorded in these consolidated financial statements represents land purchased directly by the Commission.

Capital improvements made by third parties are not recorded in these consolidated financial statements.

(b) Title to Commission property and value of land

Under Section 10(4) of the *Pippy Park Commission Act*, title to property of the Commission is vested in the name of the Minister of Environment and Conservation, for the Crown. Therefore, capital grants received from the Province for the purchase of land have been deducted from the total cost of the land purchased.

4. Deferred revenue

	2010	2009
Golf course	$ 55,111	$ 40,875
Property sales	54,165	-
Clubhouse	13,616	16,073
Trailer park	7,105	4,555
Rental	2,508	446
Advertising	1,754	3,509
	$ 134,259	$ 65,458

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2010 golf season. Property sales deferred revenue relates to deposits received for three building lots that were sold in April 2010 and May 2010. Clubhouse deferred revenue relates to deposits received on Salon rentals for future periods. Trailer park deferred revenue relates to deposits received on reservations for the 2010 camping season. Rental deferred revenue relates to deposits received on reservations at the Northbank Lodge for future periods. Advertising deferred revenue relates to the unamortized portion of a signing bonus received when the Golf Course signed a five year exclusive contract with a supplier in 2007.

5. Obligations under capital lease

	2010	2009
Obligations under capital lease	$ 141,554	$ 124,682
Less: current portion	49,950	28,765
	$ 91,604	$ 95,917

Future minimum lease payments under capital leases are:

2011	$ 60,030
2012	37,122
2013	53,762
2014	11,243
	162,157
Less: interest portion of payments	20,603
	$ 141,554

The capital leases are secured by equipment having a net book value of $105,255.

6. Advance from Province of Newfoundland and Labrador

On 30 March 2001, the Commission received a repayable advance in the amount of $250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

7. Contingent liabilities

In 1997, a Statement of Claim was served on the Commission in dispute of conveyance of property situated at Nagle's Place. The property, within the boundary of Pippy Park, was purchased in 1997 by the Department of Works, Services and Transportation (now the Department of Transportation and Works). After the owners passed away, there was a dispute over share of the estate between the remaining children. The status of the issue between the parties is unclear, even though this issue was dropped from the trial list by consent of the parties some time ago. This matter has not been formally closed and action had been initiated to formally discontinue this matter during the 2008 calendar year.

8. Related party transactions

(a) During the year, the Commission received an operating grant of $350,000 (2009 - $350,000) from the Province.

(b) Services and rental revenue include revenues from the Province in the amount of $197,015 (2009 - $171,099) as a result of ongoing contracts.

9. Golf Course revenue

	2010		2009
	Actual	Budget	Actual
Green fees	$ 609,080	$ 671,572	$ 585,972
Rentals	139,010	156,000	135,877
	748,090	827,572	721,849
Proshop sales	20,955	27,000	26,209
Less: cost of goods sold	12,133	19,000	15,469
	8,822	8,000	10,740
	$ 756,912	$ 835,572	$ 732,589

10. Trailer park revenue

	2010		2009
	Actual	Budget	Actual
Registration fees	$ 476,259	$ 457,000	$ 432,897
Mini golf	14,455	12,000	13,261
	490,714	469,000	446,158
Sales	36,691	-	33,923
Less: cost of goods sold	24,834	-	23,136
	11,857	-	10,787
	$ 502,571	$ 469,000	$ 456,945

11. Clubhouse revenue

	2010		2009
	Actual	Budget	Actual
Salon rentals	$ 49,469	$ 45,000	$ 45,721
Catering commissions	51,238	43,000	45,514
	100,707	88,000	91,235
Salon sales	190,915	200,000	188,139
Less: cost of goods sold	75,406	86,000	84,034
	115,509	114,000	104,105
	$ 216,216	$ 202,000	$ 195,340

12. Pensions

Management staff and staff represented by the Newfoundland and Labrador Association of Public and Private Employees are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of these pension contributions for 2010 was $54,104 (2009 - $52,219).

Commission staff represented by the United Food and Commercial Workers' Union participate in the Canadian Commercial Workers' Industry Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Commission and then remitted to the Canadian Commercial Workers' Industry Plan. The Commission's share of these pension contributions for 2010 was $4,350 (2009 - $4,456).

13. Operating lease obligations

The Commission has operating lease obligations totalling $15,542.

Future payments under these operating leases are:

2011	$ 8,756
2012	4,859
2013	4,567
	18,182
Less: interest portion of payments	2,640
	$ 15,542

14. Financial instruments

The Commission's financial instruments recognized on the consolidated balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital lease. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

15. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Commission's ability to continue operations is dependent on the decisions of the Province.

16. Measurement uncertainty

The preparation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year.

17. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

C.A. PIPPY PARK GOLF COURSE LIMITED

FINANCIAL STATEMENTS

31 MARCH 2010

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
C.A. Pippy Park Golf Course Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the C.A. Pippy Park Golf Course Limited as at 31 March 2010 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
10 June 2010

C.A. PIPPY PARK GOLF COURSE LIMITED

BALANCE SHEET

31 March	2010	2009
ASSETS		
Current		
Cash	$ 156,631	$ 109,471
Accounts receivable (Note 2)	27,215	47,537
Merchandise inventory - at the lower of cost and net realizable value	16,581	14,380
Prepaid expenses	3,460	7,108
	203,887	178,496
Capital assets (Note 3)	131,351	111,962
	$ 335,238	$ 290,458
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities (Note 4)	$ 75,734	$ 93,823
Deferred revenue (Note 5)	70,481	60,457
Obligations under capital lease (Note 6)	33,457	13,296
	179,672	167,576
Obligations under capital lease (Note 6)	33,946	20,865
Accrued severance pay	24,607	22,895
	238,225	211,336
Shareholder's Equity		
Share capital (Note 7)	-	-
Surplus	97,013	79,122
	97,013	79,122
	$ 335,238	$ 290,458

See accompanying notes

Signed on behalf of the Board: Greg Healy

Chairperson **Member**

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the year ended 31 March	2010		2009
	Actual	Budget	Actual
REVENUES			
Golf course (Note 8)	$ 756,912	$ 835,572	$ 732,589
Clubhouse (Note 9)	216,216	202,000	195,340
Advertising	19,061	20,000	18,036
Miscellaneous	2,196	200	713
Interest	671	2,000	2,737
Gain on sale of assets	15	-	-
	995,071	1,059,772	949,415
EXPENSES			
Advertising and promotion	9,480	6,500	11,832
Amortization	40,147	48,000	38,675
Bad debt	-	-	1,725
Bank charges	17,102	17,000	15,901
Building maintenance	49,617	55,000	40,686
Course maintenance	89,480	61,800	59,851
Equipment maintenance	45,114	24,688	16,462
Fuel	31,122	46,350	44,171
Heat, light and telephone	43,546	49,955	45,005
Insurance	20,364	20,000	18,830
Interest on capital lease obligations	7,011	4,400	4,499
Loss on disposal of asset	-	-	2,096
Miscellaneous	3,379	6,800	8,578
Office	3,506	4,000	2,328
Professional fees	25,656	5,000	9,625
Salaries and employee benefits	577,488	630,000	555,042
Supplies	14,168	9,300	9,797
Travel	-	1,500	147
	977,180	990,293	885,250
Excess of revenues over expenses	17,891	69,479	64,165
Surplus, beginning of year	79,122	79,122	14,957
Surplus, end of year	$ 97,013	$ 148,601	$ 79,122

See accompanying notes

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF CASH FLOWS

For the year ended 31 March	2010	2009
Cash flows from operating activities		
Excess of revenues over expenses	$ 17,891	$ 64,165
Adjustment for non-cash items		
Amortization	40,147	38,675
(Gain) Loss on sale of assets	(15)	2,096
Bad debt	-	1,725
	58,023	106,661
Changes in non-cash working capital		
Accounts receivable	20,322	(10,435)
Merchandise inventory	(2,201)	3,971
Prepaid expenses	3,648	(196)
Accounts payable and accrued liabilities	(18,089)	(4,797)
Deferred revenue	10,024	(16,124)
	13,704	(27,581)
Increase in accrued severance pay	1,712	1,149
	73,439	80,229
Cash flows from investing activities		
Additions to capital assets	(61,717)	(10,618)
Reclassification of capital assets	-	22,639
Sale of capital assets	2,196	2,929
	(59,521)	14,950
Cash flows from financing activities		
Increase (decrease) in capital lease obligations	54,490	(25,568)
Repayment of capital lease obligations	(21,248)	(12,665)
	33,242	(38,233)
Net increase in cash	47,160	56,946
Cash, beginning of year	109,471	52,525
Cash, end of year	$ 156,631	$ 109,471

See accompanying notes

Authority

The C.A. Pippy Park Golf Course Limited (the Corporation) was incorporated on 6 January 2006 under Section 15 of the *Corporations Act*. It is a wholly owned subsidiary of the C.A. Pippy Park Commission (the Commission), incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act*. The purpose of the Corporation is to manage the Pippy Park Golf Course on behalf of the Commission. The Pippy Park Golf Course is comprised of the 9 hole Captain's Hill Course, the 18 hole Admiral's Green Course and the Admiral's Green Clubhouse.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Golf course improvements	10%
Building improvements	10%
Course maintenance equipment	30%
Golf carts	30%
Equipment	30%
Office equipment	30%
Proshop rental equipment	30%
Golf carts under capital lease	30%
Course maintenance equipment under capital lease	30%
Office equipment under capital lease	30%

(b) Severance pay

Severance pay is calculated based on the years of service and current salary levels. The entitlement to severance pay vests with employees represented by the Newfoundland and Labrador Association of Public and Private Employees. The entitlement to severance pay vests after nine years of continual service with the Province, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Corporation unless they transfer to another entity of the Province.

(c) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

1. Significant accounting policies (cont.)

(d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

2. Accounts receivable

	2010	2009
Trade	$ 22,479	$ 22,974
Harmonized sales tax	4,463	20,069
Due from C.A. Pippy Park Commission	1,998	6,219
	28,940	49,262
Less: allowance for doubtful accounts	1,725	1,725
Net accounts receivable	$ 27,215	$ 47,537

3. Capital assets

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Golf course improvements	$ 8,784	$ 1,956	$ 6,828	$ 7,587
Building improvements	5,000	1,153	3,847	4,275
Course maintenance equipment	91,221	70,514	20,707	28,855
Golf carts	98,582	78,462	20,120	24,126
Equipment	12,875	7,556	5,319	5,960
Office equipment	12,550	8,987	3,563	3,949
Proshop rental equipment	14,022	5,864	8,158	8,306
Golf carts under capital lease	74,307	26,702	47,605	28,178
Course maintenance equipment under capital lease	2,493	1,985	508	726
Office equipment under capital lease	17,289	2,593	14,696	-
	$ 337,123	$ 205,772	$ 131,351	$ 111,962

4. Accounts payable and accrued liabilities

	2010	2009
Due to C.A. Pippy Park Commission	$ 848	$ 43,557
Trade payables and accrued liabilities	74,886	50,266
	$ 75,734	$ 93,823

5. Deferred revenue

	2010	2009
Golf course	$ 55,111	$ 40,875
Clubhouse	13,616	16,073
Advertising	1,754	3,509
	$ 70,481	$ 60,457

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2010 golf season. Clubhouse deferred revenue relates to deposits received on Salon rentals for future periods. Advertising deferred revenue relates to the unamortized portion of a signing bonus received when the Golf Course signed a five year exclusive contract with a supplier in 2007.

6. Obligations under capital lease

	2010	2009
Obligations under capital lease	$ 67,403	$ 34,161
Less: current portion	33,457	13,296
	$ 33,946	$ 20,865

Future minimum lease payments under capital leases are:

2011	$ 38,093
2012	15,185
2013	14,849
2014	10,368
	78,495
Less: interest portion of payments	11,092
	$ 67,403

The capital leases are secured by equipment having a net book value of $62,809.

7. Share capital

Authorized
100 common shares of no par value

Issued
1 common share

8. Golf course revenue

	2010 Actual	2010 Budget	2009 Actual
Green fees	$ 609,080	$ 671,572	$ 585,972
Rentals	139,010	156,000	135,877
	748,090	827,572	721,849
Proshop sales	20,955	27,000	26,209
Less: cost of goods sold	12,133	19,000	15,469
	8,822	8,000	10,740
	$ 756,912	$ 835,572	$ 732,589

9. Clubhouse revenue

	2010 Actual	2010 Budget	2009 Actual
Salon rentals	$ 49,469	$ 45,000	$ 45,721
Catering commissions	51,238	43,000	45,514
	100,707	88,000	91,235
Salon sales	190,915	200,000	188,139
Less: cost of goods sold	75,406	86,000	84,034
	115,509	114,000	104,105
	$ 216,216	$ 202,000	$ 195,340

10. Related party transactions

Administrative and other services for the Corporation are provided by the Commission at a cost of $61,275 (2009 - $62,700).

The land, buildings and certain other equipment used by the Corporation are owned by the Commission and, for 2010, use was provided at no cost.

11. Pensions

The Corporation's staff represented by the Newfoundland and Labrador Association of Public and Private Employees, are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of these pension contributions for 2010 was $4,562 (2009 - $4,644).

Corporation staff represented by the United Food and Commercial Workers Union participate in the Canadian Commercial Workers' Industry Pension Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Corporation and then remitted to the Canadian Commercial Workers' Industry Pension Plan. The Corporation's share of these pension contributions for 2010 was $4,350 (2009 - $4,456).

12. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital lease. The carrying values of these instruments approximate current fair value due to their nature and the short term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

13. Measurement uncertainty

The preparation of these financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year.

14. Economic dependence

The Corporation manages the Pippy Park Golf Course on behalf of the Commission. As a result, its ability to continue operations is dependent upon the decisions of the Commission.

15. Income taxes

The Corporation is a wholly owned subsidiary of a Crown entity of the Province of Newfoundland and Labrador and as such, is not subject to Provincial or Federal income taxes.

CENTRAL REGIONAL HEALTH AUTHORITY

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2011

WALTERS HOFFE
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the **Central Regional Health Authority**

We have audited the accompanying consolidated financial statements of **Central Regional Health Authority** which comprise the consolidated balance sheet as at March 31, 2011, and the consolidated statements of operations, changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the **Central Regional Health Authority** as at March 31, 2011 and its financial performance and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

June 14, 2011

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Balance Sheet

March 31, 2011

	2011	2010
Assets		
Current assets:		
Receivables (Note 3)	$ 26,808,988	23,697,356
Inventories (Note 4)	2,785,888	3,003,379
Prepaids (Note 5)	6,238,375	6,394,636
Total current assets	35,833,251	33,095,371
Deposit on property, plant and equipment	-	924,964
Cash restricted for security deposits	30,555	27,201
Investments restricted for general endowment purposes (Note 6)	603,336	487,686
Replacement reserve funding (Note 14)	251,430	303,892
Residents' trust funds held on deposit	855,977	822,634
Property, plant and equipment (Note 7)	58,512,422	55,993,635
	$ 96,086,971	91,655,383
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (Note 8)	$ 5,492,593	11,815,630
Payables and accruals (Note 9)	24,399,830	19,755,481
Accrued vacation pay	12,500,992	12,143,765
Deferred grants (Note 10)	23,720,983	20,161,213
Current portion of obligations under capital lease	212,915	218,127
Current portion of long-term debt	1,321,164	1,367,253
Current portion of accrued severance pay - estimated	1,500,000	1,500,000
Total current liabilities	69,148,477	66,961,469
Security deposits liability	30,555	27,201
Long-term debt (Note 11)	17,951,030	19,278,316
Obligations under capital lease (Note 12)	558,500	771,215
Trust funds payable	855,977	822,634
Accrued severance pay, less current portion	25,498,630	23,989,078
Unamortized deferred contributions related to property, plant and equipment (Note 13)	32,480,132	27,803,658
Replacement reserves (Note 14)	251,430	303,892
J.M. Olds scholarship and library funds	83,223	84,486
	146,857,954	140,041,949
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	5,993,878	6,610,789
Net assets restricted for general endowment purposes	603,336	487,686
Unrestricted net assets (deficit)	(57,368,197)	(55,485,041)
	(50,770,983)	(48,386,566)
	$ 96,086,971	91,655,383

See accompanying notes

Approved:

Trustee

Trustee

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Changes in Net Assets

Year ended March 31, 2011

	2011				2010
	Invested in Property, Plant and Equipment	Restricted for General Endowment Purposes	Unrestricted	Total	Total
Balance (deficit), beginning: As previously reported	$ 6,610,789	487,686	(55,485,043)	(48,386,568)	(44,365,718)
Deficiency of revenue over expenditure	(2,208,215)	-	(176,200)	(2,384,415)	(4,020,848)
Investment in property, plant and equipment (Note 15)	1,591,304	-	(1,591,304)	-	-
Transfers to endowment fund:					
Reinvested investment income	-	18,459	(18,459)	-	-
Unrealized investment gains/(losses)	-	45,350	(45,350)	-	-
Contributed from unrestricted	-	51,841	(51,841)	-	-
Balance (deficit), ending	$ 5,993,878	603,336	(57,368,197)	(50,770,983)	(48,386,566)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Operations

Year ended March 31, 2011

	2011	2010
Revenue:		
Provincial plan operating	$ 286,711,187	265,656,498
MCP physicians salaries	15,397,679	12,146,255
Patient-resident services	11,638,957	12,280,656
CMHC mortgage interest subsidy (Note 16)	95,008	103,338
Capital project funding	3,329,376	4,826,732
Pandemic funding	374,470	2,229,060
Recoveries	7,229,101	7,003,732
Cottage operations	1,613,650	1,482,133
Foundations	976,228	832,314
Other revenue	3,281,347	1,326,420
	330,647,003	307,887,141
Expenditure:		
Administration	30,604,013	29,267,398
Community and social services	85,664,872	74,525,557
Support services	59,709,111	59,387,764
Nursing inpatient services - acute	45,522,109	42,834,431
- long-term care	29,746,061	29,140,599
Ambulatory care services	19,020,542	18,046,407
Diagnostic and therapeutic services	35,787,640	33,129,515
Medical services	19,685,399	16,127,821
Education services	1,092,456	1,481,679
Cottage operations, including amortization of $411,041 (2010 - $402,594)	1,571,744	1,432,541
Foundations, including amortization of $5,294 (2010 - $5,573)	974,988	705,738
	329,378,935	306,079,450
Surplus prior to non-shareable items	1,268,068	1,807,691
Non-shareable items:		
Amortization of deferred capital grants	4,295,771	3,638,573
Amortization	(6,087,651)	(5,847,806)
Accrued vacation pay - (increase) decrease	(351,051)	(1,379,934)
Accrued severance pay - (increase) decrease	(1,509,552)	(2,239,372)
	(3,652,483)	(5,828,539)
Deficiency of revenue over expenditure	$(2,384,415)	(4,020,848)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Cash Flow

Year ended March 31, 2011

	2011	2010
Cash flow:		
Operations:		
Deficiency of revenue over expenditure	$(2,384,415)	(4,020,848)
Amortization	6,503,986	6,255,973
Amortization of deferred capital grants	(4,295,771)	(3,638,573)
Gain on disposal of property, plant and equipment	-	(3,535)
Unrealized investment gains/losses	(45,350)	-
	(221,550)	(1,406,983)
Changes in:		
Receivables	(3,111,632)	(4,528,219)
Inventories	217,491	(1,046,525)
Prepaids	156,261	(1,390,022)
Payables and accruals	4,644,349	(5,322,533)
Accrued vacation pay	357,227	1,379,869
Deferred grants and donations	3,559,770	720,173
Accrued severance pay	1,509,552	2,239,372
	7,111,468	(9,354,868)
Investing:		
Additions to property, plant and equipment	(9,022,773)	(7,025,416)
Increase in general endowment fund investments	(70,300)	(57,525)
Proceeds on disposal of property, plant and equipment	-	121,663
Deposit on property, plant and equipment	924,964	(924,964)
	(8,168,109)	(7,886,242)
Financing:		
Repayment of long-term debt, including adjustments to opening balances	(1,373,377)	(1,261,368)
Repayment of capital leases, including forgiveness	(217,927)	(210,765)
Net changes in J. M. Olds funds	(1,263)	(1,117)
Grants used for the purchase of property, plant and equipment	8,344,074	5,428,899
Donations used for the purchase of property, plant and equipment	628,171	222,547
New loan proceeds	-	371,923
New capital lease proceeds	-	1,052,575
	7,379,678	5,602,694
Net increase (decrease) in cash	6,323,037	(11,638,416)
Cash, net of bank indebtedness:		
Beginning	(11,815,630)	(177,214)
Ending (Note 8)	$(5,492,593)	(11,815,630)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Balance Sheet

March 31, 2011

	2011	2010
Assets		
Current assets:		
Receivables (Note 3)	$ 26,761,726	23,576,115
Due from cottage operations and foundations - net	451,278	238,459
Inventories (Note 4)	2,785,888	3,003,379
Prepaids (Note 5)	6,165,969	6,320,024
Total current assets	36,164,861	33,137,977
Deposit on property, plant and equipment	-	924,964
Residents' trust funds held on deposit	855,977	822,634
Property, plant and equipment (Note 7)	53,730,927	50,795,805
	$ 90,751,765	85,681,380
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (Note 8)	$ 6,558,401	12,657,785
Payables and accruals (Note 9)	24,368,506	19,723,414
Accrued vacation pay	12,494,252	12,143,201
Deferred grants (Note 10)	23,720,983	20,161,213
Current portion of obligations under capital lease	212,915	218,127
Current portion of long-term debt	882,963	949,176
Current portion of accrued severance pay - estimated	1,500,000	1,500,000
Total current liabilities	69,738,020	67,352,916
Long-term debt (Note 11)	13,797,414	14,689,963
Obligations under capital lease (Note 12)	558,500	771,215
Trust funds payable	855,977	822,634
Accrued severance pay, less current portion	25,498,630	23,989,078
Unamortized deferred contributions related to property, plant and equipment (Note 13)	32,480,132	27,803,658
J.M. Olds scholarship and library funds	83,223	84,486
	143,011,896	135,513,950
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	5,802,518	6,417,709
Unrestricted net assets (deficit)	(58,062,649)	(56,250,279)
	(52,260,131)	(49,832,570)
	$ 90,751,765	85,681,380

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Changes in Net Assets

Year ended March 31, 2011

	2011			2010
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance (deficit), beginning	$ 6,417,709	(56,250,279)	(49,832,570)	(45,635,551)
Deficiency of revenue over expenditure	(1,791,880)	(635,681)	(2,427,561)	(4,197,019)
Investment in property, plant and equipment (Note 15)	1,176,689	(1,176,689)	-	-
Balance (deficit), ending	$ 5,802,518	(58,062,649)	(52,260,131)	(49,832,570)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Operations

Year ended March 31, 2011	2011	2010
Revenue:		
Provincial plan	$ 280,426,654	260,383,490
Primary Health Care	473,759	-
MCP physicians salaries	15,397,679	12,146,255
Inpatient	1,425,573	1,913,107
Outpatient	2,392,108	2,564,931
Resident revenue - long-term care	7,821,276	7,802,618
CMHC mortgage interest subsidy (Note 16)	95,008	103,338
Capital project funding	3,329,376	4,826,735
Pandemic funding	374,470	2,229,060
National Child Benefit	1,069,892	1,444,974
Early Childhood Development	1,545,220	1,182,557
Early Learning and Child Care Initiatives	3,195,662	2,645,477
Recoveries - salaries	2,492,052	2,535,793
- services	1,161,581	1,205,171
- ambulance	376,906	348,910
- drugs	3,198,562	2,913,858
Other miscellaneous revenue	3,281,347	1,326,420
	328,057,125	305,572,694
Expenditure:		
Administration	30,604,013	29,267,398
Primary Health Care	668,566	637,513
Community and social services	84,996,306	73,888,044
Support services	59,709,111	59,387,764
Nursing inpatient services - acute	45,522,109	42,834,431
- long-term care	29,746,061	29,140,599
Ambulatory care services	19,020,542	18,046,407
Diagnostic and therapeutic services	35,787,640	33,129,518
Medical services	19,685,399	16,127,821
Education services	1,092,456	1,481,679
	326,832,203	303,941,174
Surplus prior to non-shareable items	1,224,922	1,631,520
Non-shareable items:		
Amortization of deferred capital grants	4,295,771	3,638,573
Amortization	(6,087,651)	(5,847,806)
Accrued vacation pay - (increase) decrease	(351,051)	(1,379,934)
Accrued severance pay - (increase) decrease	(1,509,552)	(2,239,372)
	(3,652,483)	(5,828,539)
Excess (deficiency) of revenue over expenditure	$(2,427,561)	(4,197,019)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Cash Flow

Year ended March 31, 2011

	2011	2010
Cash flow:		
Operations:		
Deficiency of revenue over expenditure	$(2,427,561)	(4,197,019)
Amortization	6,087,651	5,847,806
Amortization of deferred capital grants	(4,295,771)	(3,638,573)
Gain on disposal of property, plant and equipment	-	(3,535)
	(635,681)	(1,991,321)
Changes in:		
Receivables	(3,185,611)	(4,478,541)
Due from cottage operations and Foundations	(212,819)	21,713
Inventories	217,491	(1,046,525)
Prepaids	154,055	(1,383,577)
Payables and accruals	4,645,092	(5,323,045)
Accrued vacation pay	351,051	1,379,915
Deferred grants and donations	3,559,770	720,173
Accrued severance pay	1,509,552	2,239,372
	6,402,900	(9,861,836)
Investing:		
Additions to property, plant and equipment	(9,022,773)	(7,025,416)
Deposit on property, plant and equipment	924,964	(924,964)
Proceeds on disposal of property, plant and equipment	-	121,663
	(8,097,809)	(7,828,717)
Financing:		
Repayment of long-term debt, including adjustments to opening balances	(958,762)	(851,465)
Repayment of capital leases, including forgiveness	(217,927)	(210,765)
Net changes in J.M. Olds funds	(1,263)	(1,117)
Grants used for the purchase of property, plant and equipment	8,344,074	5,428,899
Donations used for the purchase of property, plant and equipment	628,171	222,547
New loan proceeds	-	371,923
New capital lease proceeds	-	1,052,575
	7,794,293	6,012,597
Net increase (decrease) in cash	6,099,384	(11,677,956)
Cash, net of bank indebtedness:		
Beginning	(12,657,785)	(979,829)
Ending (Note 8)	$(6,558,401)	(12,657,785)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Balance Sheet

March 31, 2011

	2011	2010
Assets		
Current assets:		
Cash (Note 8)	$ 115,444	25,330
Receivables (Note 3)	10,672	18,073
Prepaids (Note 5)	39,311	42,451
Total current assets	165,427	85,854
Cash restricted for security deposits	14,077	11,667
Replacement reserve cash	87,481	73,738
Property, plant and equipment (Note 7)	2,207,738	2,379,581
	$ 2,474,723	2,550,840
Liabilities and Net Assets		
Current liabilities:		
Payables and accruals (Note 9)	$ 14,893	15,041
Due to Central Regional Health Authority	90,664	52,509
Current portion of long-term debt	183,645	173,167
Total current liabilities	289,202	240,717
Security deposit liability	14,077	11,667
Long-term debt (Note 11)	1,912,577	2,094,896
Replacement reserve (Note 14)	87,481	73,738
	2,303,337	2,421,018
Net assets, per accompanying statement		
Net assets invested in property, plant and equipment	119,550	119,550
Unrestricted net assets	51,836	10,272
	171,386	129,822
	$ 2,474,723	2,550,840

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Changes in Net Assets

Year ended March 31, 2011

	2011			2010
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance, beginning	$ 119,550	10,272	129,822	81,882
Excess of revenue over expenditure	(171,841)	213,405	41,564	47,940
Repayment of long-term debt (Note 15)	171,841	(171,841)	-	-
Balance, ending	$ 119,550	51,836	171,386	129,822

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Operations

Year ended March 31, 2011

	2011	2010
Revenue:		
Rentals	$ 524,165	521,999
NLHC subsidy (Note 16)	208,382	207,754
	732,547	729,753
Expenditures:		
Administration	9,300	9,300
Allocation to replacement reserve	30,220	30,220
Amortization	171,843	166,956
Bad debts	-	1,019
Heat and light	140,132	142,376
Insurance	9,610	5,731
Mortgage interest	124,746	129,669
Municipal taxes	50,166	52,094
Office	50	91
Professional fees	1,800	2,220
Repairs and maintenance	24,945	17,375
Salaries and benefits	108,015	89,435
Snowclearing	16,834	33,035
Telephone	2,341	2,292
Travel	981	-
	690,983	681,813
Excess of revenue over expenditures	$ 41,564	47,940

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Cash Flow

Year ended March 31, 2011

	2011	2010
Cash flow:		
Operations:		
Excess of revenue over expenditure	$ 41,564	47,940
Amortization	171,843	166,956
	213,407	214,896
Changes in:		
Receivables	7,401	(838)
Prepaids	3,140	(4,978)
Payables and accruals	(2,052)	(2,982)
Deferred revenue	1,904	
Due to Central Regional Health Authority	38,155	(116,643)
	261,955	89,455
Financing:		
Principal repayments	(171,841)	(166,956)
Net increase (decrease) in cash	90,114	(77,501)
Cash:		
Beginning	25,330	102,831
Ending	$ 115,444	25,330

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Balance Sheet

March 31, 2011

	2011	2010
Assets		
Current assets:		
Cash (Note 8)	$ 9,766	2,836
Receivables (Note 3)	14,584	33,998
Prepaids (Note 5)	4,161	4,161
Total current assets	28,511	40,995
Cash restricted for security deposits	1,518	1,326
Due from NLHC for replacement reserve	82,643	107,850
Property, plant and equipment (Note 7)	472,885	495,566
	$ 585,557	645,737
Liabilities and Net Assets		
Current liabilities:		
Payables and accruals (Note 9)	$ 7,663	3,658
Due to Central Regional Health Authority	20,849	37,337
Current portion of long-term debt	23,676	22,688
Total current liabilities	52,188	63,683
Security deposit liability	1,518	1,326
Long-term debt (Note 11)	434,208	457,878
Replacement reserve (Note 14)	82,643	107,850
	570,557	630,737
Net assets, per accompanying statement:		
Invested in property, plant and equipment	15,000	15,000
	$ 585,557	645,737

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Changes in Net Assets

Year ended March 31, 2011

	2011			2010
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance, beginning	$ 15,000	-	15,000	15,000
Excess of revenue over expenditure	(22,682)	22,682	-	-
Repayment of long-term debt (Note 15)	22,682	(22,682)	-	-
Balance, ending	$ 15,000	-	15,000	15,000

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Operations

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
Revenue:			
Rentals	$ 46,916	44,162	44,563
NLHC subsidy (Note 16)	44,451	43,828	44,207
Infrastructure funding	50,000	40,188	-
	$ 141,367	128,178	88,770
Expenditure:			
Administration	$ 3,600	3,600	3,600
Amortization	22,681	22,682	21,734
Heat and light	16,546	15,751	14,581
Infrastructure project	50,000	40,188	-
Insurance	600	1,086	528
Mortgage interest	20,095	20,012	21,041
Municipal taxes	5,814	5,523	5,118
Office	300	23	9
Professional fees	1,650	1,500	1,500
Repairs and maintenance	6,900	6,613	7,023
Salaries and benefits	8,700	9,180	10,104
Snowclearing	4,130	1,683	3,303
Telephone	351	229	229
Travel	-	108	-
	$ 141,367	128,178	88,770

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Cash Flow

Year ended March 31, 2011	2011	2010
Cash flow:		
Operations:		
Amortization	$ 22,682	21,734
Changes in:		
Receivables	19,413	2,532
Prepaids	-	(405)
Payables and accruals	4,005	284
Due to Central Regional Health Authority	(16,488)	(6,843)
	29,612	17,302
Financing:		
Principal repayments	(22,682)	(21,734)
Net increase (decrease) in cash	6,930	(4,432)
Cash:		
Beginning	2,836	7,268
Ending	$ 9,766	2,836

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Balance Sheet

March 31, 2011

	2011	2010
Assets		
Current assets:		
Cash (Note 8)	$ 71,288	46,435
Receivables (Note 3)	5,834	5,593
Prepaids (Note 5)	27,803	26,899
Total current assets	104,925	78,927
Cash restricted for security deposits	14,960	14,208
Replacement reserve cash	13,102	4,541
Property, plant and equipment (Note 7)	1,436,391	1,619,805
	$ 1,569,378	1,717,481
Liabilities and Net Assets		
Current liabilities:		
Payables and accruals (Note 9)	$ 6,278	6,919
Due to Central Regional Health Authority	228,123	201,826
Current portion of long-term debt	193,336	185,624
Total current liabilities	427,737	394,369
Security deposit liability	14,960	14,208
Long-term debt (Note 11)	1,209,831	1,400,957
Replacement reserves (Note 14)	13,102	4,541
	1,665,630	1,814,075
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	26,872	26,872
Unrestricted net assets (deficit)	(123,124)	(123,466)
	(96,252)	(96,594)
	$ 1,569,378	1,717,481

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Changes in Net Assets

Year ended March 31, 2011

	2011			2010
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance (deficit), beginning	$ 26,872	(123,466)	(96,594)	(98,246)
Excess of revenue over expenditure	(183,415)	183,757	342	1,652
Repayment of long-term debt (Note 15)	183,415	(183,415)	-	-
Balance (deficit), ending	$ 26,872	(123,124)	(96,252)	(96,594)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Operations

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
Revenue:			
Rental revenue	$ 493,560	491,102	473,650
NLHC subsidy (Note 16)	64,615	64,615	64,615
	558,175	555,717	538,265
Expenditures:			
Allocation to replacement reserve	30,000	30,000	28,928
Amortization	171,500	183,415	181,499
Cable television	17,500	16,204	16,517
Heat and light	118,500	113,453	110,808
Insurance	4,367	10,341	4,367
Mortgage interest	75,000	62,404	64,344
Municipal taxes	37,000	35,998	34,679
Office	1,100	635	660
Professional fees	1,800	1,800	1,800
Repairs and maintenance	35,500	36,940	29,953
Salaries and benefits	58,400	58,510	53,550
Snowclearing	9,500	5,184	9,386
Travel	100	491	122
	560,267	555,375	536,613
Excess (deficiency) of revenue over expenditures	$(2,092)	342	1,652

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Cash Flow

Year ended March 31, 2011	2011	2010
Cash flow:		
Operations:		
Excess of revenue over expenditure	$ 342	1,652
Amortization	183,415	181,499
	183,757	183,151
Changes in:		
Receivables	(241)	68
Prepaids	(904)	(1,023)
Payables and accruals	(641)	(615)
Due to Central Regional Health Authority	26,297	18,830
	208,268	200,411
Financing:		
Principal repayments	(183,415)	(181,499)
Net increase in cash	24,853	18,912
Cash:		
Beginning	46,435	27,523
Ending	$ 71,288	46,435

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Balance Sheet

March 31, 2011

	2011	2010
Assets		
Current asset:		
Receivables (Note 3)	$ 8,550	48,995
Due from NLHC for replacement reserve	68,204	117,763
Property, plant and equipment (Note 7)	530,762	563,865
	$ 607,516	730,623
Liabilities and Net Assets		
Current liabilities:		
Payables and accruals (Note 9)	$ 2,365	6,448
Due to Central Regional Health Authority	6,185	42,547
Current portion of long-term debt	33,819	33,107
Total current liabilities	42,369	82,102
Long-term debt (Note 11)	496,943	530,758
Replacement reserve (Note 14)	68,204	117,763
	607,516	730,623
Net assets, per accompanying statement	-	-
	$ 607,516	730,623

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Changes in Net Assets

Year ended March 31, 2011

	2011			2010
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance, beginning	$ -	-	-	-
Excess of revenue over expenditure	(33,103)	33,103	-	-
Repayment of long-term debt (Note 15)	33,103	(33,103)	-	-
Balance, ending	$ -	-	-	-

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Operations

Year ended March 31, 2011

	2011		2010
	Budget	Actual	Actual
Revenue:			
Rentals	$ 57,804	58,003	56,518
NLHC subsidy (Note 16)	61,447	61,165	62,969
Infrastructure funding	75,000	71,997	-
Surcharges - utilities	3,120	3,040	3,020
- laundry	1,440	1,400	1,390
- other	1,728	1,603	1,448
	$ 200,539	197,208	125,345
Expenditure:			
Administration allowance	$ 8,571	8,558	9,144
Amortization	33,103	33,103	32,405
Fire and safety	1,000	1,110	-
Heat and light	22,053	20,595	20,747
Insurance	700	699	699
Infrastructure project	75,000	71,954	-
Mortgage interest	11,695	11,635	12,333
Municipal taxes	7,020	7,025	7,726
Professional fees	2,400	2,400	2,400
Repairs and maintenance	28,997	31,609	28,432
Snowclearing	10,000	8,520	11,459
	$ 200,539	197,208	125,345

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Cash Flow

Year ended March 31, 2011

	2011	2010
Cash flow:		
Operations:		
Amortization	$ 33,103	32,405
Changes in:		
Receivables	40,445	(41,635)
Payables and accruals	(4,083)	3,824
Due to Central Regional Health Authority	(36,362)	37,811
	33,103	32,405
Financing:		
Principal repayments	(33,103)	(32,405)
Net increase in cash	-	-
Cash, net of bank indebtedness:		
Beginning	-	-
Ending	$ -	-

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Balance Sheet

March 31, 2011

	2011	2010
Assets		
Current assets:		
Cash (Note 8)	$ 269,389	257,565
Receivables (Note 3)	7,622	14,582
Due from Central Regional Health Authority	-	130,306
Total current assets	277,011	402,453
Investments restricted for general endowment fund (Note 6)	163,806	104,898
	$ 440,817	507,351
Liabilities and Net Assets		
Current liabilities:		
Due to Central Regional Health Authority	$ 55,368	-
Accounts payable	125	-
Accrued vacation pay	1,705	564
Total current liabilities	57,198	564
Net assets, per accompanying statement		
Net assets restricted for general endowment fund	163,806	104,898
Unrestricted net assets	219,813	401,889
	383,619	506,787
	$ 440,817	507,351

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Statement of Changes in Net Assets

Year ended March 31, 2011

	2011			2010
	Restricted for General Endowment Fund	Unrestricted Operating	Total	Total
Balance, beginning:	$ 104,898	401,889	506,787	439,349
Excess (deficiency) of revenue over expenditure	-	(123,168)	(123,168)	67,438
Transfers to endowment fund:				
Reinvested investment income	4,415	(4,415)	-	-
Unrealized investment gains/losses	12,336	(12,336)	-	-
Contributions	42,157	(42,157)	-	-
Balance, ending	$ 163,806	219,813	383,619	506,787

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2011

	2011	2010
Revenue:		
Donations	$ 358,434	272,228
Staff lottery	43,795	47,758
Endowment fund - investment income	4,415	3,206
- unrealized investment gains/losses	12,336	-
Grants	22,500	34,400
Interest and recoveries	9,237	243
	450,717	357,835
Expenditure:		
Donations for the purchase of capital equipment	423,540	163,977
Minor equipment purchases	-	2,993
Salaries and benefits	91,345	78,574
Office	1,813	3,669
Planned giving program	10,885	-
Travel	490	533
Other supplies and expenses	45,812	40,651
	573,885	290,397
Excess (deficiency) of revenue over expenditure	$(123,168)	67,438

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Statement of Cash Flow

Year ended March 31, 2011

	2011	2010
Cash flow:		
Operations:		
Excess of revenue over expenditure	$(123,168)	67,438
Unrealized investment gains/losses	(12,336)	-
	(135,504)	67,438
Changes in:		
Receivables	6,960	(9,806)
Due from Central Regional Health Authority	185,674	177,730
Accounts payable	125	-
Accrued vacation pay	1,141	(45)
	58,396	235,317
Investing:		
Endowment fund investments - contributions	(42,157)	(12,417)
- reinvested income	(4,415)	(3,206)
	(46,572)	(15,623)
Net increase in cash	11,824	219,694
Cash:		
Beginning	257,565	37,871
Ending	$ 269,389	257,565

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Balance Sheet

March 31, 2011	2011	2010
Assets		
Current assets:		
Cash (Note 8)	$ 599,921	509,989
Prepaids (Note 5)	1,131	1,101
Total current assets	601,052	511,090
Investments restricted for general endowment fund (Note 6)	439,530	382,788
Property, plant and equipment (Note 7)	133,719	139,013
	$ 1,174,301	1,032,891
Liabilities and Net Assets		
Current liabilities:		
Due to Central Regional Health Authority:		
Operating	$ 28,440	15,803
Capital	21,650	18,746
Accrued vacation pay	5,035	-
Current portion of long-term debt	3,724	3,491
Total current liabilities	58,849	38,040
Long-term debt (Note 11)	100,057	103,864
	158,906	141,904
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	29,938	31,658
Net assets restricted for general endowment fund	439,530	382,788
Unrestricted net assets	545,927	476,541
	1,015,395	890,987
	$ 1,174,301	1,032,891

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2011

	2011				2010
	Invested in Property Plant and Equipment	Restricted for General Endowment Fund	Unrestricted Operating	Total	Total
Balance, beginning	$ 31,658	382,788	476,541	890,987	831,849
Excess of revenue over expenditure	(5,294)	-	129,702	124,408	59,138
Repayment of long-term debt (Note 15)	3,574	-	(3,574)	-	-
Transfers to endowment fund:					
Reinvested investment income	-	14,044	(14,044)	-	-
Unrealized investment gains/losses	-	33,014	(33,014)	-	-
Contribution	-	9,684	(9,684)	-	-
Balance, ending	$ 29,938	439,530	545,927	1,015,395	890,987

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2011

	2011	2010
Revenue:		
Donations	$ 324,038	345,955
Staff lottery	57,624	58,648
Grants	65,500	34,400
Endowment fund - investment income	14,044	11,902
- unrealized investment gains/losses	33,014	-
Rental income	15,600	15,600
Interest and recoveries	15,691	7,974
	525,511	474,479
Expenditure:		
Donations for the purchase of capital equipment	263,675	291,811
Rental expenses, including amortization of $5,294 (2010 - $5,573)	13,521	14,016
Salaries and benefits - net	101,670	93,717
Other supplies and expenses	22,237	15,797
	401,103	415,341
Excess of revenue over expenditure	$ 124,408	59,138

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Cash Flow

Year ended March 31, 2011	2011	2010
Cash Flow:		
Operations:		
Excess of revenue over expenditure	$ 124,408	59,138
Amortization	5,294	5,573
Unrealized investment gains/losses	(33,014)	-
	96,688	64,711
Changes in:		
Prepaids	(30)	(39)
Due to Central Regional Health Authority	15,541	(132,595)
Accrued vacation pay	5,035	-
	117,234	(67,923)
Investing:		
Endowment fund investments - contributions	(9,684)	(30,000)
- reinvested income	(14,044)	(11,902)
	(23,728)	(41,902)
Financing:		
Repayment of long term debt	(3,574)	(7,308)
Net increase (decrease) in cash	89,932	(117,133)
Cash:		
Beginning	509,989	627,122
Ending	$ 599,921	509,989

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2011

1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central Regional Health Authority.

Facilities

A. M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Bonnews Lodge Apartment Complex
Brookfield Bonnews Health Care Centre
Carmelite House Senior Citizens Home
Central Newfoundland Regional Health Centre
Central Northeast Health Foundation Inc.
Connaigre Peninsula Community Health Centre
Dr. Hugh Twomey Health Care Centre
Fogo Island Health Care
Green Bay Community Health Centre
James Paton Memorial Regional Health Centre
Lakeside Homes
North Haven Manor Senior Citizens Home
North Haven Manor Cottages
Notre Dame Bay Memorial Health Care
South and Central Health Foundation
Valley Vista Senior Citizens Home
Valley Vista Cottages

Clinics

Carmanville
Centreville
Eastport
Gambo
Gander Bay
Glovertown
Hare Bay
Hermitage
LaScie
Lewisporte
Mose Ambrose
Musgrave Harbour
New World Island
St. Alban's
St. Brendan's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined, are added together to form the combined value of assets, liabilities and net assets of the Authority.

2. Summary of significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations. Outlined below are those policies considered particularly significant by the Authority.

Investments restricted for general endowment fund:

The Foundation's investments restricted for general endowment fund, consisting entirely of securities of publicly traded companies on Canadian exchanges are initially recognized and subsequently measured at fair market value without adjustment for transaction costs that would be incurred on disposal, changes in fair market value are recognized in income in the year.

2. Summary of significant accounting policies (continued):

Inventories

Inventories are valued on the first in first out basis, as follows:

General stores, at average cost
Drugs, at cost

Property, plant and equipment

The Authority has control over certain lands, buildings and equipment with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Property, plant and equipment are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	5.0%
Buildings and service equipment	5.0%
Information systems equipment	33.3%
Equipment	12.5%
Motor vehicles	20.0%

In addition, the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, Bonnews Lodge Apartment Complex buildings and equipment are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Replacement reserves

Newfoundland and Labrador Housing Corporation (NLHC) requires that not-for-profit Housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of property, plant and equipment. These funds may only be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

Transactions in the reserves are shown in Note 14.

Revenue recognition

Central Regional Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2011

3. Receivables:

	2011	2010
Operating:		
Provincial plan grants - operating	$ 8,388,820	15,122,802
Capital grants	9,183,458	1,898,854
Patient, capital donations, rents and other	3,840,975	4,095,511
MCP	4,042,715	1,631,886
Cancer Foundation	1,037,107	987,957
HST	582,724	606,349
	27,075,799	24,343,359
Allowance for doubtful	314,073	767,244
	26,761,726	23,576,115
North Haven Manor Cottage Units Phase I,II,III:		
Trade less allowance for doubtful of $1,019 (2010, $1,019)	804	8,205
Due from NLHC - operating subsidy	9,868	9,868
	10,672	18,073
North Haven Manor Cottage Units Phase IV:		
Trade, less allowance for doubtful of $781 (2010 - $781)	-	2,510
Accrued interest	1,676	-
Due from NLHC - replacement reserve	12,908	31,488
	14,584	33,998
Valley Vista Cottages:		
Trade	450	209
Due from NLHC - operating subsidy	5,384	5,384
	5,834	5,593
Bonnews lodge Apartment Complex:		
Due from NLHC - operating subsidy	2,746	-
Due from NLHC - replacement reserve	5,804	48,995
	8,550	48,995
Central Northeast Health Foundation:		
Trade	7,622	14,582
	$ 26,808,988	23,697,356

4. Inventories:

	2011	2010
General stores	$ 1,581,022	1,836,562
Drugs	1,204,866	1,166,817
	$ 2,785,888	3,003,379

5. Prepaids:

	2011	2010
Operating:		
Equipment maintenance	$ 596,640	889,153
Malpractice and membership fees	103,427	126,577
General insurance	266,896	172,317
Workplace Health, Safety and Compensation Commission	3,885,018	3,848,509
Municipal taxes	585,739	578,346
Other	728,249	705,122
	6,165,969	6,320,024
Municipal taxes:		
North Haven Manor Cottage Units Phase I,II,III	39,311	42,451
North Haven Manor Cottage Units Phase IV	4,161	4,161
Valley Vista Cottages	27,803	26,899
South and Central Health Foundation	1,131	1,101
	$ 6,238,375	6,394,636

6. Investments restricted for general endowment purposes:

The Central Northeast Health Foundation Inc. and the South and Central Health Foundation maintain a joint investment restricted for general endowment purposes, with their proportionate market value as follows:

	2011	2010
Central Northeast Health Foundation Inc.	$ 163,806	104,898
South and Central Health Foundation	439,530	382,788
	$ 603,336	487,686

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2011

7. Property, plant and equipment:

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating:				
Land	$ 211,521	-	211,521	211,521
Land improvements	1,031,546	686,497	345,049	363,210
Buildings and service equipment	65,474,050	42,207,760	23,266,290	24,490,831
Equipment	99,134,299	71,089,352	28,044,947	24,114,400
Equipment under capital lease	2,781,898	2,087,710	694,188	960,415
Motor vehicles	3,235,038	2,099,463	1,135,575	613,732
Motor vehicles under capital lease	196,503	163,146	33,357	41,696
	172,064,855	118,333,928	53,730,927	50,795,805
North Haven Manor Cottage Units Phase I, II, III:				
Land	16,900	-	16,900	16,900
Land improvements	180,500	81,760	98,740	106,485
Buildings	3,702,090	1,676,906	2,025,184	2,184,034
Equipment	122,320	55,406	66,914	72,162
	4,021,810	1,814,072	2,207,738	2,379,581
North Haven Manor Cottage Units, Phase IV:				
Land	24,571	-	24,571	24,571
Buildings	687,616	239,302	448,314	470,995
	712,187	239,302	472,885	495,566
Valley Vista Cottages:				
Land	27,014	-	27,014	27,014
Buildings	3,588,770	2,183,523	1,405,247	1,586,801
Equipment	33,262	29,132	4,130	5,990
	3,649,046	2,212,655	1,436,391	1,619,805
Bonnews Lodge Apartment Complex:				
Land	774	-	774	774
Buildings	870,022	343,786	526,236	559,104
Equipment	6,204	2,452	3,752	3,987
	877,000	346,238	530,762	563,865
South and Central Health Foundation				
Land	33,134	-	33,134	33,134
Building	119,141	18,556	100,585	105,879
	152,275	18,556	133,719	139,013
	$ 181,477,175	122,964,752	58,512,422	55,993,635

8. Bank indebtedness:

	2011	2010
Operating:		
Cash	$ 16,145	15,995
Due to bank on current account	(6,574,546)	(12,673,780)
	(6,558,401)	(12,657,785)
Cash and bank other:		
North Haven Manor Cottage Units Phase I,II,III	115,444	25,330
North Haven Manor Cottage Units Phase IV	9,766	2,836
Valley Vista Cottages	71,288	46,435
Central Northeast Health Foundation	269,389	257,565
South & Central Health Foundation	599,921	509,989
	$(5,492,593)	(11,815,630)

The Authority has access to a $15 million line of credit in the form of revolving demand loans at its bankers. These loans have been approved by the Minister of Health and Community Services.

9. Payables and accruals:

	2011	2010
Operating:		
Trade	$ 14,085,711	11,716,489
Residents comfort fund	28,801	55,047
Accrued - wages	10,191,914	7,878,692
- interest	62,080	73,186
	24,368,506	19,723,414
North Haven Manor Cottage Units Phase I,II,III:		
Trade	3,722	3,167
Accrued interest	11,171	11,874
	14,893	15,041
North Haven Manor Cottage Units Phase IV:		
Trade	1,613	1,613
Deferred revenue	409	-
Accrued interest	1,676	1,759
Due to NLHC - operating subsidy	3,965	287
	7,663	3,659
Valley Vista Cottages:		
Trade	1,500	1,500
Accrued interest	4,778	5,419
	6,278	6,919
Bonnews Lodge Apartment Complex:		
Trade	1,400	-
Accrued interest	965	1,025
Due to NLHC - operating subsidy	-	5,423
	2,365	6,448
Central Northeast Health Foundation:		
Trade	125	-
	$ 24,399,830	19,755,481

10. Deferred grants:

	2011	2010
Operating:		
Deferred operating grants	$ 7,037,554	6,000,438
Deferred capital grants	16,683,429	14,160,775
	$ 23,720,983	20,161,213

11. Long-term debt:

	2011	2010
Operating:		
4.59% CMHC 1st mortgage on Bonnews Lodge: repayable in equal monthly installments of $10,248, interest included; maturing April, 2011	$ 10,200	129,720
2.4% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $12,112, interest included; maturing April, 2020, renewable October, 2015	1,185,617	1,297,011
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $4,574, interest included; maturing July, 2023	443,936	465,168
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly installments of $3,056, plus interest; maturing December, 2018	284,129	320,801
5.15% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly installments of $64,153, interest included; maturing March, 2027	8,435,329	8,761,575
4.04% Canadian Imperial Bank of Commerce mortgage on 3 Twomey Dr, Botwood housing; repayable in equal monthly installments of $431, interest included; maturing July, 2028, renewable July, 2014	57,618	60,347
	10,416,829	11,034,622

11. Long-term debt (continued):

	2011	2010
Operating balance forward:	10,416,829	11,034,622
4.04% Canadian Imperial Bank of Commerce mortgage on 145 Commonwealth Ave, Botwood housing; repayable in equal monthly installments of $390, interest included; maturing July, 2027, renewable July, 2014	**52,159**	54,629
5.13% Canadian Imperial Bank of Commerce mortgage on Hospital renovations; repayable in equal monthly installments of $8,328, interest included; maturing February, 2014	**270,189**	353,920
8.0% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor; repayable in equal monthly installments of $8,298, interest included; maturing February, 2026 (Note 20)	**875,332**	904,734
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista; repayable in equal monthly installments of $10,124, interest included; maturing August, 2027	**1,119,084**	1,151,095
7.88% Newfoundland and Labrador Housing Corporation mortgage on Authority offices; repayable in equal monthly installments of $8,165, interest included; maturing August, 2024	**819,429**	852,313
2.61% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly installments of $7,900, interest included; maturing July, 2019, renewable September, 2014	**709,621**	784,300
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly installments of $6,199, plus interest, maturing 2015	**297,538**	371,923
8.35%, Toyota Financial Services, loan repayable in equal monthly instalments of $987, interest included; maturing June 2010	-	2,920
	14,560,181	15,510,456

11. Long-term debt (continued):

	2011	2010
Operating balance forward:	14,560,181	15,510,456
4.5% Bank of Nova Scotia 1st mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly installments of $439, interest included; maturing November, 2024, renewable May, 2013	52,837	55,595
4.5% Bank of Nova Scotia 1st mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly installments of $370, interest included; maturing June, 2020, renewable May, 2013	33,082	35,914
4.5% Bank of Nova Scotia 1st mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly installments of $375, interest included; maturing July , 2020, renewable June, 2011	34,277	37,174
	14,680,377	15,639,139
Less current portion	882,963	949,176
	13,797,414	14,689,963
North Haven Manor Cottage Units Phase I,II,III:		
9.5% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $7,925, interest included; maturing June, 2029 (Note 20)	834,790	851,246
4.5% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $8,719, interest included; maturing January, 2016, renewable January, 2012	529,840	608,932
4.16% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $9,292, interest included; maturing November, 2018, renewable December, 2011	731,592	807,885
	2,096,222	2,268,063
Less current portion	183,645	173,167
	1,912,577	2,094,896
North Haven Manor Cottage Units Phase IV:		
4.31% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $3,565, interest included; maturing July, 2025, renewable April, 2012	457,884	480,566
Less current portion	23,676	22,688
	434,208	457,878

11. Long-term debt (continued):

	2011	2010
Valley Vista Cottages:		
4.59% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $5,138, interest included; maturing June, 2016, renewable August, 2011	**287,484**	334,883
4.28% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $10,416 interest included; maturing December, 2017, renewable December, 2012	**732,370**	821,418
3.16% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $4,984, interest included; maturing May, 2018, renewable June, 2013	**383,313**	430,280
	1,403,167	1,586,581
Less current portion	**193,336**	185,624
	1,209,831	1,400,957
Bonnews Lodge Apartment Complex:		
2.14% Newfoundland and Labrador Housing Corporation 1st mortgage on Bonnews Apartment Complex; repayable in equal monthly installments of $3,733 interest included; maturing November, 2024, renewable April, 2014	**530,762**	563,865
Less current portion	**33,819**	33,107
	496,943	530,758
South and Central Health Foundation:		
6.5% Newfoundland and Labrador Credit Union mortgage on therapeutic residence; repayable in bi-weekly installments of $397, interest included, maturing in November 2032, renewable November 2012	**103,781**	107,355
Less: current portion	**3,724**	3,491
	100,057	103,864
	$ 17,951,030	19,278,316

11. Long-term debt (continued):

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2012	$ 1,321,163
2013	1,368,021
2014	1,420,037
2015	1,389,084
2016	1,376,233

12. Obligations under capital lease:

The Authority has entered into a number of agreements whereby it leases certain equipment for a term of five years. These leases are accounted for as capital leases with the Authority treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 5.37% to 7.534%.

The following is a schedule of future minimum lease payments under the capital leases:

Year ending March 31	
2012	$ 245,444
2013	237,290
2014	237,290
2015	119,564
Total minimum lease payments	839,587
Less amount representing interest	68,172
Balance of obligation	771,415
Less current portion	212,915
	$ 558,500

13. Unamortized deferred contribution related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	2011	2010
Balance, beginning	$ 27,803,658	26,350,952
Less:		
Disposals	-	(560,167)
Add:		
Capital equipment grants	8,344,074	5,428,899
Donated equipment	628,171	222,547
	36,775,903	31,442,231
Deduct:		
Amortization	4,295,771	3,638,573
Balance, ending	$ 32,480,132	27,803,658

14. Replacement reserves:

	2011	2010
North Haven Manor Cottage Units Phase I,II,III:		
Balance, beginning	$ 73,738	74,033
Add:		
Allocation for year	30,220	30,220
Contributions from Authority	12,900	12,900
	116,858	117,153
Less:		
Approved expenditures	29,377	43,415
Balance, ending	87,481	73,738
North Haven Manor Cottage Units Phase IV:		
Balance, beginning	107,850	107,850
Less:		
Approved expenditures	25,207	-
Balance, ending	82,643	107,850
Valley Vista Cottages:		
Balance, beginning	4,541	11,182
Add:		
Allocation for year	30,000	28,928
Interest income	(8)	1
	34,533	40,111
Less:		
Approved expenditures	21,431	35,570
Balance, ending	13,102	4,541
Bonnews Lodge Apartment Complex:		
Balance, beginning	117,763	117,763
Less:		
Approved expenditures	49,559	-
Balance, ending	68,204	117,763
	$ 251,430	303,892

14. Replacement reserves (continued):

	2011	2010
Funding:		
Replacement reserve funds	$ 100,583	78,279
Due from Newfoundland and Labrador Housing Corporation	150,847	225,613
	$ 251,430	303,892

15. Investment in property, plant and equipment:

	2011	2010
Operating:		
Repayment of long-term debt	$ 958,762	843,654
Repayment of capital leases	217,927	170,964
	1,176,689	1,014,618
Cottages and Foundations repayment of long-term debt:		
North Haven Manor Cottage Units Phase I,II,III	171,841	166,956
North Haven Manor Cottage Units Phase IV	22,682	21,734
Valley Vista Cottages	183,415	181,499
Bonnews Lodge Apartment Complex	33,103	32,405
South and Central Health Foundation	3,574	7,308
	$ 1,591,304	1,424,520

16. Operating subsidies:

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2011 was $95,088 (2010 - $103,338) for operating facilities and $378,895 (2010 - $379,545) for the Authority's cottage operations.

17. Commitments:

Operating leases

The Authority has a number of agreements whereby it leases property and equipment in addition to those disclosed under Note 12. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2012	$ 134,207
2013	125,776
2014	119,437
2015	98,741
2016	3,171

17. Commitments (continued):

Energy performance contract

The Authority entered into Energy Performance Contracts during 2001 and 2000 with Enerplan Consultants Ltd. for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contracts were crystallized at $4,450,214 and $1,247,329 and are being repaid from operating and energy savings over a ten year period having commenced in August, 2002 and January, 2000, respectively. The contract for $1,247,329 expired in 2010.

These contracts were financed through the Canadian Imperial Bank of Commerce for Central West and Associates Capital Limited.

As support for this financing, Enerplan Consultants Ltd., has assigned to the financiers any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority, the guaranteed energy savings component of Enerplan Consultants Ltd. is an offset to the obligations of the Authority to the Canadian Imperial Bank of Commerce and Associates Capital Limited and as a consequence neither the capital expenditures or the financing obligations are reflected in these financial statements of the Authority at March 31, 2011.

18. Contingency

As of March 31, 2011 there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management and the insurers believe any claims, if successful, will be covered by liability insurance.

19. Financial instruments:

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to relatively short periods to maturity of these instruments.

20. Subsequent event

Subsequent to the year end, the Government provided special funding for redevelopment in the amount of $1,950,000, which was used to repay in full certain NLHC loans relating to the North Haven Manor and Cottages.

Grant Thornton

Financial Statements

Chicken Farmers of Newfoundland and Labrador

December 31, 2010

Grant Thornton

Independent auditors' report

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To the Directors of

Chicken Farmers of Newfoundland and Labrador

We have audited the accompanying financial statements of Chicken Farmers of Newfoundland and Labrador, which comprise the statement of financial position as at December 31, 2010, the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chicken Farmers of Newfoundland and Labrador as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

February 24, 2011

Chartered Accountants

Chicken Farmers of Newfoundland and Labrador

Statements of Operations and Changes in Net Assets

Year Ended December 31	Actual 2010	(Note 12) Budget 2010	Actual 2009	(Note 12) Budget 2009
Revenue				
Levies	$ 281,622	$ 270,000	$ 267,929	$ 270,000
Over-marketing levy assessment	50,819	-	-	-
Government funded projects	34,320	-	26,618	-
Workshop revenue	-	-	2,500	-
Interest and miscellaneous	810	180	1,498	398
	367,571	270,180	298,545	270,398
Other costs				
Costs for Government funded projects	34,320	-	29,118	-
	333,251	270,180	269,427	270,398
Expenses				
Depreciation	940	-	881	-
Donations	4,062	-	945	-
Federation of Agriculture	12,675	12,000	12,450	12,000
Honorariums	12,000	12,000	12,000	12,000
Insurance	1,653	2,000	1,650	2,000
Interest and bank charges	1,235	1,500	1,463	1,000
Levy – Chicken Farmers of Canada	82,844	79,200	78,593	79,200
Miscellaneous	154	2,500	162	1,500
Office and postage	9,352	5,000	9,671	5,000
Per diems	6,275	7,000	8,475	4,000
Professional fees	32,711	15,000	36,611	10,000
Promotion	9,729	9,000	3,923	9,000
Rent	2,637	3,500	2,603	2,950
Telephone	6,214	7,500	6,811	7,500
Training	122	-	5,177	-
Travel and meetings	21,843	36,000	33,979	44,000
Wages, benefits and severance	77,656	63,000	74,641	62,900
	282,102	255,200	290,035	253,050
Excess of revenue over expenses (expenses over revenue)	$ 51,149	$ 14,980	$ (20,608)	$ 17,348
Net assets, beginning of year	$ 55,439	$ 93,395	$ 76,047	$ 76,047
Excess of revenue over expenses (expenses over revenue)	51,149	14,980	(20,608)	17,348
Net assets, end of year	$ 106,588	$ 108,375	$ 55,439	$ 93,395

Chicken Farmers of Newfoundland and Labrador

Statement of Financial Position

Year Ended December 31	2010	2009
Assets		
Current		
Cash and cash equivalents	$ 86,270	$ 61,367
Receivables (Note 7)	34,192	23,126
Current portion of long-term receivable (Note 8)	16,940	-
Prepaids	2,338	2,173
	139,740	86,666
Long-term receivable (Note 8)	16,940	-
Long-term investment	15,043	15,043
Equipment (Note 9)	4,931	3,523
	$ 176,654	$ 105,232
Liabilities		
Current		
Payables and accruals	$ 26,698	$ 22,213
Deferred grant revenue (Note 10)	26,406	11,965
	53,104	34,178
Accrued severance pay	3,462	2,115
	56,566	36,293
Net Assets		
Contributed surplus	13,500	13,500
Net assets	106,588	55,439
	120,088	68,939
	$ 176,654	$ 105,232

Commitments (Note 11)

On behalf of the Board

Ruth Noseworthy ______ Chair   Denis Noel ______ Director

Chicken Farmers of Newfoundland and Labrador

Statement of Cash Flows

Year Ended December 31	2010	2009
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenses (expenses over revenue)	$ 51,149	$ (20,608)
Depreciation	940	881
Accrued severance pay	1,347	2,115
	53,436	(17,612)
Change in non-cash working capital		
Receivables	(11,066)	1,346
Prepaids	(165)	-
Current portion of long-term receivable	(16,940)	-
Payables and accruals	4,485	40
Deferred grant revenue	14,441	11,965
	44,191	(4,261)
Investing		
Increase in long term receivable	(16,940)	-
Purchase of investment	-	(15,043)
Purchase of equipment	(2,348)	-
	(19,288)	(15,043)
Net increase (decrease) in cash and cash equivalents	24,903	(19,304)
Cash and cash equivalents		
Beginning of year	61,367	80,671
End of year	$ 86,270	$ 61,367

Chicken Farmers of Newfoundland and Labrador

Notes to the Financial Statements

December 31, 2010

1. Nature of operations

The Chicken Farmers of Newfoundland and Labrador was established in 1981 by the *Newfoundland and Labrador Chicken Marketing Scheme, 1980*, under the *Natural Products Marketing Act, 1973* (Act), to provide for the effective promotion, control and regulation of the production and marketing of chicken in Newfoundland and Labrador. The Board is responsible for administering the regulations as provided for in the Act under the laws of the Province of Newfoundland and Labrador.

2. Chicken Farmers of Canada

Pursuant to authority given to it under the Farm Products Marketing Act of Canada, the Chicken Farmers of Canada (CFC) collects levies from provincial commodity boards. The Chicken Farmers of Newfoundland and Labrador collects these levies directly from the processor and remits them to CFC. There were $82,844 of levies collected in 2010 (2009 - $78,593).

3. Summary of significant accounting policies

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Levies

The Board charges levies to the producer based on volume of chicken marketed in Newfoundland and Labrador. Revenue is recognized when the chicken is produced/marketed and collectibility is reasonably assured.

Grant revenue

The Board follows the deferred method of accounting for contributions. Revenue is recognized in the year in which the related expenses are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term investments with maturities of three months or less. Bank borrowings are considered to be financing activities.

3. **Summary of significant accounting policies** (cont'd.)

Long term investment

Non-redeemable guaranteed investment certificates with original maturities in excess of one year are classified as long term investments. Interest related to these investments is accrued as earned. The carrying value of this investment approximates its fair value.

Equipment

Equipment is recorded at cost. Depreciation is provided annually at rates calculated to write off the assets over their estimated useful life as follows, except in the year of acquisition when one half of the rate is used.

Furniture and equipment	20%, declining balance

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Accrued severance pay

Severance pay will be awarded at the rate of one week of salary per year of service to a maximum of 20 weeks and is calculated based upon current salary levels. The amount is payable when the employee ceases employment with the Board.

Financial instruments

CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Board to revalue all of its financial assets and liabilities at each financial reporting date.

This standard also requires the Board to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale -measured at fair value with changes in fair value recognized in net earnings for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in revenue and expenses in the year that the asset is no longer recognized or impaired.

3. **Summary of significant accounting policies** (cont'd.)

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in revenue and expenses and b) other - measured at amortized cost with gains and losses recognized in revenue and expenses in the year that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the standard, the Board's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Long term receivable	Loans and receivables	Amortized cost
Long term investment	Held to maturity	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, equipment and deferred grant revenue are not within the scope of the accounting standard as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to terminate the instrument agreement at the reporting date. The fair values of cash, receivables, long term receivable, long term investment, accounts payable and accrued liabilities would approximate their carrying value.

4. Risk Management

The Board's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Board include liquidity and credit risks.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

4. **Risk Management** (cont'd.)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations The Board's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

5. Capital Management

The primary objective of the Board's capital management is to provide adequate funding to ensure efficient operations.

The unrestricted funds are available for future operations and are preserved so the Board can have financial flexibility in the future.

6. Operating Agreement

The Chicken Farmers of Newfoundland and Labrador has entered into an Agreement with the other provincial boards known as the Operating Agreement. This Agreement provides for levy assessment should a province over produce its allocation from C.F.C. As part of this agreement, the Chicken Farmers of Newfoundland and Labrador has filed a letter of credit to CFC in respect of any possible over marketing levies assessed. The letter of credit as at December 31, 2010 was $28,658 (2009 - $28,658).

7. Receivables

	2010	2009
Levies	$ 29,092	$ 21,342
Accrued interest	649	222
Travel advances	4,451	1,562
Other	-	-
	$ 34,192	$ 23,126

8. Long term receivable

	2010	2009
Over-marketing levy receivable from Country Ribbon Inc., non-interest bearing, repayable in annual instalments on March 15 2011 and 2012 of $16,940.	$ 33,880	$ -
Less: current portion	(16,940)	-
	$ 16,940	$ -

9. Equipment

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	$ 34,189	$ 29,258	$ 4,931	$ 3,523

10. Deferred grant revenue

	2010	2009
Balance, beginning of year	$ 11,965	$ -
Revenue		
Advances during the year	48,761	30,200
Expenses		
Project costs	34,320	18,235
Balance, end of year	$ 26,406	$ 11,965

The balance in deferred grant revenue at December 31, 2010 includes $7,254 (2009 - $Nil) related to the On-Farm Food Safety Program. These funds will not have to be repaid to the Chicken Farmer of Canada and there is no specific timeframe requirement regarding the spending of these funds.

The remaining deferred grant revenue of $19,152 (2009 - $11,965) relates to the Chicken Farmers of Canada Provincial Promotion Project. These funds are required to be spent by March 31, 2011 and any remaining unused funds at that time are required to be repaid to the Chicken Farmers of Canada.

11. Commitments

The Board has a commitment under an operating lease for a photocopier. Payments for the next five years are as follows:

2011 - $3,187; 2012 - $3,187; 2013 - $3,187; 2014 - $3,187 and 2015 - $1,859

12. Budget figures

The 2010 and 2009 budget figures presented in the statement of operations are provided by management and have not been audited. These figures are included for the convenience of the reader only.

CHURCHILL FALLS (LABRADOR) CORPORATION TRUST

FINANCIAL STATEMENTS

31 DECEMBER 2010

CHURCHILL FALLS (LABRADOR) CORPORATION TRUST
BALANCE SHEET
As at 31 December 2010

		2010
ASSETS		
Cash	$	334,469
Investments, at cost - (Note 2)		2,000,000
TOTAL ASSETS	$	2,334,469
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable	$	80,000
	$	80,000
Equity		
Trust Fund	$	2,254,469
	$	2,254,469
TOTAL LIABILITIES AND EQUITY	$	2,334,469

See accompanying notes

Signed on behalf of the Trust: ______________________
Trustee

CHURCHILL FALLS (LABRADOR) CORPORATION TRUST
STATEMENT OF OPERATIONS
As at 31 December 2010

		2010
REVENUE		
Interest revenue	$	5,615
TOTAL REVENUE	$	5,615
EXPENSE		
-	$	-
TOTAL EXPENSE	$	-
NET INCOME	$	5,615
TRUST FUND		
Trust Fund balance - beginning of year	$	-
Capital contributions		3,229,000
Disbursements		(980,146)
TRUST FUND BALANCE - END OF YEAR	$	2,254,469

See accompanying notes

The Churchill Falls (Labrador) Corporation Trust (the Trust) operates under the Declaration of Trust enacted 3 February 2010. The purpose of the Trust is to fund and reimburse certain external fees and costs, particularly legal obligations, payable by Churchill Falls (Labrador) Corporation Limited (Churchill Falls). Such fees and costs relate to the assertion or protection of the legal rights or obligations of Churchill Falls with respect to the long-term fixed pricing of the power contract entered into between Hydro Quebec and Churchill Falls dated 12 May 1969, including requests for the renegotiation thereof or a declaratory judgment with respect to such matters. Contributions to the Trust are provided by the Province of Newfoundland and Labrador.

1. Significant accounting policies

Pursuant to Section 9.5 of the Declaration of Trust, these financial statements have been prepared by the Trustee in accordance with Generally Accepted Accounting Principles.

2. Investments

Investments are valued at a cost of $2,000,000 which approximates market value. As of 31 December 2010, the Trust had one investment. This investment has a maturity date of 11 April 2011 and an investment rate of 1.33% per annum.

3. Contingency

Due to an existing court case between Hydro Quebec and Churchill Falls, a contingent liability exists in relation to the potential judgment that may be levied by the courts to pay certain costs to the beneficiary, Hydro Quebec. While the outcome of the court proceedings is unknown as at 31 December 2010, in accordance with the purpose of the Trust, the investments as disclosed in Note 2 above have been provided as security in the form of an irrevocable standby letter of credit. This is to provide for any potential levies rendered by the courts which could vary in amount from the existing security held by the Trust, depending upon the outcome. As a result, an amount is contingently payable to Hydro Quebec upon the occurrence of certain events and the presentation of certain documentation.

4. Related party transactions

The Trust is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department and are not reflected in these financial statements.

5. Economic dependence

As a result of the Trust's reliance on Provincial funding, the Trust's capability to continue viable operations is dependant upon the decisions of the Province.

6. Financial instruments

The Trust's financial instruments recognized in the balance sheet consist of cash, short-term investments and accounts payable. The carrying values of these financial instruments approximate current fair value due to their nature and the short-term maturity associated with these instruments.

Interest rate risk
The Trust's exposure to interest rate risk relates to the variable interest rate associated with cash held in an interest bearing bank account based on the prime rate and the fixed interest rate associated with its investment. Given the short term nature of these assets and the fixed rate associated with the investment, the Trust's exposure to interest rate risk is considered minimal.

7. Income taxes

The Trust is an entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

8. Government reporting entity

The Trust is included as part of the Province's consolidated reporting entity as presented in Volume I of the Public Accounts. While the Public Sector Accounting Standards excludes the consolidation of trusts, the Trust was created to meet a legal objective and not necessarily designed as a trust from an accounting perspective. Hence, in accordance with Treasury Board direction the Trust is included within the Province's consolidated reporting entity due to the nature of the Trust and the direct control by the Province.

Grant Thornton

College of the North Atlantic

Financial Statements

March 31, 2011

COLLEGE OF THE North Atlantic

Grant Thornton

Independent auditors' report

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To the Board of Governors of the College of the North Atlantic

We have audited the accompanying financial statements of the College of the North Atlantic, which comprise the statement of financial position as at March 31, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the College of the North Atlantic as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The comparative financial statements for the year then ended March 31, 2010, except for note 13, were audited by another firm of auditors who expressed an opinion without reservation on those financial statements in their report dated June 18, 2010. We have audited the adjustments in note 13 to the accompanying financial statements and in our opinion such adjustments, in all material respects, are in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 13, 2011

Chartered Accountants

College of the North Atlantic
Statement of Financial Position
March 31, 2011

	2011	As restated (Note 13) 2010
Assets		
Current assets		
Cash	$ **22,865,403**	$ 41,765,343
Receivables - Note 2	**17,369,206**	13,254,494
Inventory	**1,366,515**	1,336,122
Prepaid expenses	**1,444,633**	1,263,687
Total current assets	**43,045,757**	57,619,646
Property, plant & equipment - Note 3	**25,507,888**	20,888,778
Trust accounts - Note 4	**1,563,502**	1,358,346
	$ **70,117,147**	$ 79,866,770
Liabilities and Net assets		
Current liabilities		
Payables and accruals - Note 5	$ **16,683,837**	$ 13,717,698
Deferred revenue - Note 6	**5,191,428**	6,451,130
Due to Qatar Campus - Note 10	**8,603,095**	22,858,475
Vacation entitlement - management	**2,369,477**	2,219,343
Vacation entitlement - other	**6,228,700**	5,585,496
Severance - current portion	**800,000**	1,000,000
Total current liabilities	**39,876,537**	51,832,142
Trust accounts - Note 4	**1,563,502**	1,358,346
Deferred capital contributions - Note 7	**9,831,690**	6,572,622
Severance	**13,855,731**	12,640,604
	65,127,460	72,403,714
Net assets		
Surplus (Deficit) per accompanying statement	**4,989,687**	(421,654)
Capital reserve - Note 12		7,884,710
Total net assets	**4,989,687**	7,463,056
	$ **70,117,147**	$ 79,866,770

Contingencies - Note 11

Approved:

Board Chair

Audit Committee Chair

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2011

	2011	As restated (Note 13) 2010
Revenue - Schedule 1		
Grant-in-aid	$ 80,624,200	$ 80,394,900
Facilities	3,427,453	2,441,067
Administration	324,087	160,365
Instructional	29,405,216	25,681,066
Student services	734,832	670,886
Information technology	-	227,319
Resale	4,909,148	4,665,472
Apprenticeship	3,584,568	2,811,354
Continuing education	852,938	782,334
Contracts	6,731,155	7,891,125
International	1,155,072	978,909
Special projects	9,878,742	6,433,119
Total revenue	141,627,411	133,137,916
Expenditure - Schedules 2 to 13		
Facilities	12,490,799	11,239,114
Administration	15,736,843	15,784,705
Instructional	75,345,926	71,703,262
Student services	10,367,712	10,585,477
Information technology	8,345,214	11,492,529
Resale	5,987,645	5,771,932
Apprenticeship	3,826,256	3,613,575
Continuing education	683,912	696,448
Contracts	6,185,249	7,218,622
International	629,571	688,431
Special projects	2,874,800	3,035,718
Total expenditure	142,473,927	141,829,813
Deficit before unfunded adjustments	(846,516)	(8,691,897)
Unfunded adjustments:		
Severance	(983,649)	(1,317,862)
Vacation pay	(643,204)	(596,919)
Total unfunded adjustments	(1,626,853)	(1,914,781)
Deficit of revenue over expenditures	$ (2,473,369)	$ (10,606,678)

College of the North Atlantic
Statement of Changes in Net Assets
Year Ended March 31, 2011

	Operating	Property Plant & Equipment	Severance and Annual Leave	Surplus - net of Capital Reserve	Capital Reserve	2011 Total	2010 Total
Balance, beginning As previously stated	$ 5,252,968	$ 14,316,157	$ (19,074,873)	$ 494,252	$ 7,884,710	$ 8,378,962	$ 18,940,507
Prior year's adjustment - Note 13	(915,906)			(915,906)		(915,906)	(870,773)
Balance, as restated	4,337,062	14,316,157	(19,074,873)	(421,654)	7,884,710	7,463,056	18,069,734
Capital reserve adjustment - Note 12	7,884,710			7,884,710	(7,884,710)		
Property, plant & equipment purchases during year	(10,962,654)	10,962,654					
Amortization of property, plant & equipment	6,531,598	(6,531,598)					
Capital grants received during the year	5,804,459	(5,804,459)					
Amortization of deferred capital contributions	(2,545,392)	2,545,392					
Net book value of property, plant & equipment disposed during the year	(188,055)	188,055					
Surplus (deficit) of revenue over expenditure per accompanying statement	(846,516)		(1,626,853)	(2,473,369)		(2,473,369)	(10,606,678)
Balance, ending	$ 10,015,212	$ 15,676,201	$ (20,701,726)	$ 4,989,687	$ 0	$ 4,989,687	$ 7,463,056

College of the North Atlantic
Statement of Cash Flow
Year Ended March 31, 2011

	2011	As restated (Note 13) 2010
Cash flows:		
Deficit of revenue over expenditure	$ (2,473,369)	$ (10,606,678)
Add items of a non - cash nature:		
Loss (gain) on disposal of property, plant & equipment	(265,832)	(6,279)
Amortization	6,531,598	5,393,513
	3,792,397	(5,219,444)
Changes in:		
Current assets	(4,326,050)	2,399,895
Current liabilities	(11,955,605)	10,738,879
Accrued severance	1,215,127	1,335,809
	(11,274,131)	9,255,139
Financing:		
Change in deferred capital contributions	3,259,068	818,713
Investing:		
Proceeds from sale of property, plant & equipment	77,777	241,028
Additions to property, plant & equipment	(10,962,654)	(7,993,574)
	(10,884,877)	(7,752,546)
Net (decrease) increase in cash	(18,899,940)	2,321,306
Cash, beginning	41,765,343	39,444,037
Cash, ending	$ 22,865,403	$ 41,765,343

Schedule 1

College of the North Atlantic
Revenue
Year Ended March 31, 2011

	2011	As restated (Note 13) 2010
Grant-in-aid	**$ 80,624,200**	$ 80,394,900
Facilities		
Amortization of deferred capital contribution	**2,545,392**	2,108,645
Classroom/video rental	**11,250**	15,000
Gain on disposal of capital assets	**265,832**	6,279
Parking	**3,547**	3,643
Other	**601,432**	307,500
	3,427,453	2,441,067
Administration		
Interest	**253,009**	82,695
Other	**71,078**	77,670
	324,087	160,365
Instructional		
Tuition	**9,597,931**	9,172,022
Equipment and materials	**1,708,811**	1,594,417
Subsidy	**16,752,629**	13,393,381
Daycare	**465,873**	315,102
Other	**879,972**	1,206,144
	29,405,216	25,681,066
Student services		
Application fee	**274,209**	239,021
Registration fee	**357,479**	343,269
Other	**103,144**	88,596
	734,832	670,886
Information technology		
Other	**-**	227,319
	-	227,319
Continuing education		
Tuition	**844,938**	781,846
Other	**8,000**	488
	852,938	782,334
Contracts		
Tuition	**2,793,315**	3,410,201
Apprenticeship/Post Journey	**50,658**	108,490
Other	**3,887,182**	4,372,434
	6,731,155	7,891,125

Schedule 1

College of the North Atlantic
Revenue
Year Ended March 31, 2011

Resale		
Bookstore	**3,358,620**	3,183,229
Food services	**1,220,622**	1,150,489
Residence	**324,082**	330,414
Other	**5,824**	1,340
	4,909,148	4,665,472
Apprenticeship		
Apprenticeship	**3,584,568**	2,811,354
	3,584,568	2,811,354
International		
International	**1,155,072**	978,909
	1,155,072	978,909
Special projects		
Qatar (net) - Note 10	**7,498,082**	4,178,574
Other projects	**2,380,660**	2,254,545
	9,878,742	6,433,119
	$ 141,627,411	$ 133,137,916

Schedule 2

College of the North Atlantic
Summary of Facilities Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 1,775,192	$ 1,550,672
Professional fees	20,878	95,272
Travel	41,970	6,224
Insurance	328,769	323,964
Photocopying/printing	4,896	1,651
Office related supplies	1,716	1,335
General advertising	932	301
Freight and customs	1,163	1,620
Telephone	6,401	4,764
Utilities	1,435,880	1,297,441
Repairs and maintenance	1,012,262	1,209,237
Vehicle operations	161,755	168,792
Equipment rentals	6,408	17,106
Facilities rentals	919,098	917,214
Protective clothing	13,484	17,262
Amortization	6,531,598	5,393,512
Computer supplies	3,973	680
Contracted Services	68,424	0
Minor equipment and tools	25,883	30,272
Minor computer equipment	1,316	5,247
Materials and supplies	128,801	196,548
	$ 12,490,799	$ 11,239,114

Schedule 3

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 11,866,065	$ 11,426,887
Professional development	278,560	284,835
Employee recognition and wellness	22,406	11,463
Professional fees	315,883	245,476
Travel	442,596	390,149
Recruitment and relocation	18,531	226,032
Bank charges	201,142	191,977
Photocopying/printing	159,172	252,354
Office related supplies	389,772	409,766
Membership fees	116,367	67,628
General advertising	286,259	299,493
Doubtful receivables	1,224	117,041
Freight and customs	130,403	144,893
Telephone	730,580	714,830
Utilities	4,168	2,793
Repairs and maintenance	115,687	128,882
Vehicle operations	9,834	10,602
Equipment rentals	36,021	48,630
Facilities rentals	37,083	39,181
Protective clothing	6,368	7,597
Laundry and drycleaning	620	1,784
Computer supplies	80,844	110,938
Contracted Services	439	2,819
Educational materials	27,916	12,578
Student related	4,169	9,685
Minor equipment and tools	159,134	203,911
Minor computer equipment	50,097	116,288
Materials and supplies	245,503	306,193
	$ 15,736,843	$ 15,784,705

Schedule 4

College of the North Atlantic
Summary of Instructional Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ **67,382,582**	$ 62,979,317
Professional development	**398,900**	318,731
Employee recognition and wellness	**2,176**	0
Professional fees	**176,051**	264,178
Travel	**568,188**	676,600
Recruitment and relocation	**128,685**	106,865
Insurance	**11,007**	0
Photocopying/printing	**208,138**	151,949
Office related supplies	**49,549**	98,993
Membership fees	**34,265**	26,824
General advertising	**99,191**	116,170
Freight and customs	**97,127**	105,469
Telephone	**155,867**	171,509
Utilities	**12,888**	3,477
Repairs and maintenance	**411,171**	566,683
Vehicle operations	**387,255**	332,624
Equipment rentals	**67,220**	38,662
Facilities rentals	**125,971**	117,900
Protective clothing	**28,361**	23,719
Food cost	**117,972**	113,676
Laundry and drycleaning	**5,806**	6,272
Textbooks and supplies	**0**	95
Computer supplies	**229,686**	344,082
Contracted services	**252,283**	69,547
Educational materials	**142,425**	139,471
Daycare operations	**132,172**	159,941
Student related	**187,125**	512,199
Minor equipment and tools	**1,393,936**	1,075,380
Minor computer equipment	**299,383**	1,043,160
Materials and supplies	**2,240,546**	2,139,769
	$ **75,345,926**	$ 71,703,262

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ **8,547,571**	$ 8,380,498
Professional development	**36,246**	131,197
Employee recognition and wellness	**180**	575
Professional fees	**9,816**	9,845
Travel	**133,639**	137,841
Insurance	**7,890**	7,778
Photocopying/printing	**209,544**	185,667
Office related supplies	**62,519**	69,565
Membership fees	**3,180**	5,513
General advertising	**666,928**	733,932
Freight and customs	**25,955**	27,680
Telephone	**25,136**	22,978
Repairs and maintenance	**7,675**	10,371
Equipment rentals	**0**	1,569
Facilities rentals	**3,512**	3,287
Protective clothing	**0**	1,311
Laundry and drycleaning	**5,250**	5,027
Computer supplies	**7,917**	18,497
Contracted services	**112,875**	112,945
Educational materials	**252,921**	225,238
Student related	**34,638**	243,289
Minor equipment and tools	**78,771**	111,325
Minor computer equipment	**31,877**	30,905
Materials and supplies	**103,672**	108,644
	$ **10,367,712**	$ 10,585,477

Schedule 6

College of the North Atlantic
Summary of Information Technology Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 5,303,815	$ 5,077,401
Professional development	40,852	84,374
Professional fees	2,849	28,086
Travel	109,542	408,144
Photocopying/printing	1,149	9,334
Office related supplies	12,114	22,097
Membership fees	1,588	0
Freight and customs	2,292	3,695
Telephone	26,731	16,864
Repairs and maintenance	9,227	42,352
Facilities Rentals	87,202	0
Computer supplies	2,107,860	5,561,267
Contracted services	5,610	21,279
Minor equipment and tools	21,277	67,780
Minor computer equipment	580,404	97,202
Materials and supplies	32,702	52,654
	$ 8,345,214	$ 11,492,529

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 1,995,116	$ 1,833,195
Professional development	4,170	3,104
Travel	11,302	14,208
Photocopying/printing	10,562	7,992
Office related supplies	19,917	20,916
General advertising	1,946	828
Freight and customs	141,435	146,495
Telephone	3,772	4,751
Utilities	16,329	13,332
Repairs and maintenance	14,591	18,487
Protective clothing	14,559	15,253
Food cost	997,072	897,810
Laundry and drycleaning	14,914	16,019
Textbooks and supplies	2,636,546	2,720,693
Computer supplies	20,218	7,344
Minor equipment and tools	27,153	23,903
Minor computer equipment	12,556	3,301
Materials and supplies	45,487	24,301
	$ 5,987,645	$ 5,771,932

Schedule 8

College of the North Atlantic
Summary of Apprenticeship Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 2,969,704	$ 2,758,593
Professional development	27,977	0
Professional fees	1,200	2,000
Travel	3,249	1,337
Recruitment and relocation	565	1,378
Photocopying/printing	4,320	6,143
Office related supplies	1,803	566
General advertising	1,437	0
Freight and customs	40,635	5,429
Repairs and maintenance	8,509	14,098
Vehicle operations	2,311	4,307
Equipment rentals	9,741	4,386
Protective clothing	1,453	4,824
Food cost	24,881	37,257
Laundry and drycleaning	4,542	5,155
Computer supplies	16,665	11,697
Contracted services	0	2,451
Educational materials	17,606	17,526
Student related	375,672	362,856
Minor equipment and tools	52,510	92,300
Minor computer equipment	11,798	11,148
Materials and supplies	249,678	270,124
	$ 3,826,256	$ 3,613,575

College of the North Atlantic
Summary of Continuing Education Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 520,345	$ 527,975
Professional fees	1,819	10,320
Travel	5,809	5,077
Photocopying/printing	5,061	2,344
General advertising	8,535	6,932
Freight and customs	1,667	815
Facilities rentals	3,497	3,724
Contracted services	56,423	35,709
Educational materials	5,314	1,013
Student related	24,226	52,680
Minor computer equipment	0	3,918
Materials and supplies	51,216	45,941
	$ 683,912	$ 696,448

Schedule 10

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 4,569,596	$ 5,029,253
Professional development	28,086	7,432
Professional fees	7,051	44,837
Travel	158,332	127,422
Recruitment and relocation	2,656	1,358
Photocopying/printing	15,253	12,741
Office related supplies	10,020	23,690
Membership fees	4,511	1,018
General advertising	51,159	59,766
Doubtful receivables	11,846	0
Freight and customs	18,331	24,086
Telephone	12,752	12,438
Repairs and maintenance	28,322	50,727
Vehicle operations	26,109	42,701
Equipment rentals	43,848	256,353
Facilities rentals	84,218	117,505
Protective clothing	3,003	13,013
Food cost	26,742	29,596
Laundry and drycleaning	1,338	1,748
Computer supplies	3,519	20,131
Contracted services	520,296	461,395
Educational materials	19,652	25,642
Student related	227,622	319,865
Minor equipment and tools	23,820	71,387
Minor computer equipment	18,061	34,820
Materials and supplies	269,106	429,698
	$ 6,185,249	$ 7,218,622

Schedule 11

College of the North Atlantic
Summary of International Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 352,155	$ 357,588
Professional fees	212,606	15
Travel	29,316	49,142
Photocopying/printing	212	841
Office related supplies	827	1,746
Membership fees	1,342	1,818
General advertising	7,825	22,450
Freight and customs	3,995	4,575
Telephone	1,530	2,787
Computer supplies	15	(761)
Contracted services	0	204,981
Educational Materials	1,964	2,826
Student related	12,572	13,924
Minor equipment and tools	1,436	1,581
Minor computer equipment	702	7,833
Materials and supplies	3,074	17,085
	$ 629,571	$ 688,431

Schedule 12

College of the North Atlantic
Summary of Special Projects Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	$ 1,290,061	$ 1,445,518
Professional development	49,851	14,933
Professional fees	149,206	182,520
Travel	176,274	107,860
Photocopying/printing	7,047	7,458
Office related supplies	1,486	3,522
General advertising	60,489	43,256
Freight and customs	6,242	17,296
Telephone	7,652	9,763
Repairs and maintenance	12,463	30,793
Vehicle operations	75	561
Equipment rentals	55	6,542
Facilities rentals	1,579	1,700
Food cost	3,808	2,475
Computer supplies	17,861	97,309
Contracted services	106,344	36,201
Educational materials	420,394	1,148
Student related	333,371	355,551
Minor equipment and tools	97,312	224,334
Minor computer equipment	35,481	129,492
Materials and supplies	97,749	317,486
	$ 2,874,800	$ 3,035,718

Schedule 13

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2011

	2011	2010
Salaries and benefits	**$ 106,572,202**	$ 101,366,897
Professional development	**864,642**	844,606
Employee recognition and wellness	**24,762**	12,038
Professional fees	**897,359**	882,549
Travel	**1,680,217**	1,924,004
Recruitment and relocation	**150,437**	335,633
Insurance	**347,666**	331,742
Bank charges	**201,142**	191,977
Photocopying/printing	**625,354**	638,474
Office related supplies	**549,723**	652,196
Membership fees	**161,253**	102,801
General advertising	**1,184,701**	1,283,128
Doubtful receivables	**13,070**	117,041
Freight and customs	**469,245**	482,053
Telephone	**970,421**	960,684
Utilities	**1,469,265**	1,317,043
Repairs and maintenance	**1,619,907**	2,071,630
Vehicle operations	**587,339**	559,587
Equipment rentals	**163,293**	373,248
Facilities rentals	**1,262,160**	1,200,511
Protective clothing	**67,228**	82,979
Amortization	**6,531,598**	5,393,512
Food cost	**1,170,475**	1,080,814
Laundry and drycleaning	**32,470**	36,005
Textbooks and supplies	**2,636,546**	2,720,788
Computer supplies	**2,488,558**	6,171,184
Contracted services	**1,122,694**	947,327
Educational materials	**888,192**	425,442
Daycare operations	**132,172**	159,941
Student related	**1,199,395**	1,870,049
Minor equipment and tools	**1,881,232**	1,902,173
Minor computer equipment	**1,041,675**	1,483,314
Materials and supplies	**3,467,534**	3,908,443
	$ 142,473,927	$ 141,829,813

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2011

Authority and Purpose

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

1 Significant accounting policies:

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) *Revenue recognition*

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures were incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Tuition revenue is recognized on a student week basis as the students progress through the program.

Revenue from contractual services is recognized as the service is delivered.

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value.

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2011

(d) *Property, Plant &Equipment*

Property, plant & equipment recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Property, plant & equipment acquired after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
ERP - Peoplesoft	10 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

No amortization is recorded for assets under development.

The value of donated artwork has not been recorded in these financial statements.
An accurate valuation of donated artwork has not been obtained at March 31, 2011.

On disposal, property, plant & equipment are removed from the accounts at their net book value.
Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) *Severance and vacation pay*

The College is liable for severance pay to employees who have nine or more years of continuous public service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

The College accrues vacation pay as employees earn entitlement.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Statement of Financial Position date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

(g) *Financial instruments*

The College classifies all financial instruments as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables, or other financial liabilities. All financial instruments are initially recorded at fair value. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income until the instrument is derecognized or impaired, when the amounts are then recorded in net earnings. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in the statement of operations.

In accordance with the standard, the College's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other financial liabliities	Amortized cost
Trust Accounts	Held for trading	Fair value

There were no embedded derivatives in any contracts that require special accounting treatment.

2 Receivables

	2011	2010
Government of Newfoundland	**$ 2,503,872**	$ 3,176,751
LMDA Subsidy	**8,716,439**	5,715,657
Students	**994,989**	1,260,042
Government agencies and other	**5,533,597**	4,078,677
	17,748,897	14,231,127
Less allowance for doubtful accounts	**379,691**	976,633
	$ 17,369,206	$ 13,254,494

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2011

3 Property, Plant & Equipment

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Artwork	$ 5,500	$ 0	$ 5,500	$ 5,500
Capital improvements	20,110,203	7,910,940	12,199,263	7,947,670
Computer and peripherals	7,081,910	6,268,481	813,429	1,110,168
Furnishings	718,310	651,513	66,797	153,601
Instructional equipment	37,268,365	29,410,956	7,857,409	7,047,580
Other electronic equipment	744,488	602,244	142,244	391,303
Software	737,162	535,380	201,782	0
ERP - Peoplesoft	3,789,958	2,468,757	1,321,201	1,705,481
Vehicles	8,131,901	5,231,638	2,900,263	2,527,475
	$ 78,587,797	$ 53,079,909	$ 25,507,888	$ 20,888,778

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

4 Trust accounts

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2011	2010
Opening balance	$ 1,358,346	$ 1,091,054
Net deposits and payments	167,609	234,235
Interest	37,547	33,057
Closing balance	$ 1,563,502	$ 1,358,346

5 Payables and accruals

	2011	2010
Trade liabilities	$ 3,297,281	$ 5,503,038
Accrued wages and benefits	5,192,515	1,932,113
End of service compensation	6,708,257	5,387,492
Other	1,485,784	895,055
	$ 16,683,837	$ 13,717,698

6 Deferred revenue

		2011		2010
LMDA Subsidy	$	1,358,321	$	1,085,950
Residence and program fees		61,898		75,586
Tuition		901,870		915,906
Contract training and special projects		2,869,339		4,373,688
	$	5,191,428	$	6,451,130

7 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of property, plant & equipment (PPE). Changes in the deferred capital contributions balances are as follows:

		2011		2010
Balance, beginning of year	$	6,572,622	$	5,753,909
Contributions received for PPE purposes				
- Provincial Grants		1,500,000		1,500,000
- Special Projects		4,304,460		1,427,358
Amortization of deferred capital contributions		(2,545,392)		(2,108,645)
	$	9,831,690	$	6,572,622

8 Pensions

College staff are subject to either the Public Service Pension Plan (PSPP), or the Government Money Purchase Pension Plan (GMPP).

The primary plan, PSPP, is a defined benefit pension plan. Staff contributions are matched by the College and then remitted to to the province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

The secondary plan, GMPP, is a defined contribution plan. Contributions are matched by the College as well. Staff shall participat in this plan only if they are ineligible for the PSPP. Payments are made to a private investment firm from which pensions will be paid to employees when they retire.

During the year 2011 the College contributed $6,508,024 to the PSPP and $851,456 to the GMPP. In 2010 the College contributed $6,313,488 to the PSPP and $944,133 to the GMPP.

9 Commitments

Lease Commitment

The College leases some equipment and facilities under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2011-2012	1,264,354
2012-2013	288,171
2013-2014	147,718
2014-2015	48,732
2015-2016	9,304

10 Comprehensive Agreement with the State of Qatar

The College has a comprehensive agreement with the State of Qatar to establish, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a period, September 30, 2001 to August 31, 2012. It has since been extended to August 31, 2013. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries. The College receives quarterly advances to cover cash flow requirements.

Due to Qatar

	2011	2010
Cash on Deposit	**$ 3,306,931**	$ 20,553,861
Payables (accruals)	**(95,245)**	(3,086,795)
Payable as a result of salary overbilling	**5,391,409**	5,391,409
Net Liability	**$ 8,603,095**	$ 22,858,475

Results of Operations

	2011	2010
Gross Proceeds	**$ 9,912,950**	$ 10,803,849
Salary & Fees Adjustment	-	(4,352,909)
Management Costs	**(2,414,868)**	(2,272,366)
Net Proceeds	**$ 7,498,082**	$ 4,178,574

In the prior years, salaries and fees were overbilled according to the Comprehensive Agreement in the amount of $5,554,723. In 2011 billings to the State of Qatar were adjusted to coincide with the Comprehensive Agreement. During the year ended March 31, 2011, the College incurred $856,746 (2010 - $1,201,814) in additional costs that are ineligible for billing to the State of Qatar under the Comprehensive Agreement and are reflected in "gross proceeds". The amount of overbillings related to March 31, 2009 and prior is reflected as "salary & fees adjustment" in the amount of $4,352,909.

As at March 31, 2011 no payment has been made to the State of Qatar for the prior period overbillings.

The College is developing a Transition Management Plan to deal with the wind down of the present Comprehensive Agreement with the State of Qatar, should it not be renewed. No provision has been made for the cessation of the contract as an estimate of costs, if any, is not determinable at this time.

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2011

11 Contingency liabilities

(a) The College has received notices of claim for damages. No provision has been made for these claims because the College is not expected to incur any material liability, or because an estimate of loss, if any, is not determinable at this time.

(b) A compliance audit on compensation and billings of the Comprehensive Agreement with the State of Qatar as required per section 4.6 is currently in progress, therefore, the results are unknown at this time. As such, there is uncertainty on the outcome of this audit on the College's current and prior billings to the State of Qatar and any adjustment, if any, that may be required. The College is currently not aware of any material findings or outcomes of this compliance audit.

12 Capital reserve

During the current year, the College has transferred from its capital reserve $7,884,710 to surplus for operational commitments.

During 2011 the College's Board of Governors approved the transfer of this amount from the reserve to the surplus account.

13 Prior year's adjustment

In prior periods, the College recognized tuition revenue on a cash basis. During the current year, the College adopted a policy of deferring tuition revenue related to future periods and has applied this policy retroactively. As a result, the College has restated the March 31, 2010 statement of financial position to record deferred tuition revenue resulting in a decrease in surplus, and an increase in deferred revenue by a corresponding amount of $915,906. The impact on the deficit of revenue over expenditures for the year ended March 31, 2010 was a decrease in tuition revenue of $45,133.

A summary of the restatements are as follows:

Statement of Operations

	Year ended March 31, 2010		
	As Previously Reported	Adjustments	As Restated
Revenue - Instructional	$ 25,726,199	$ (45,133)	$ 25,681,066
Deficit of revenue over expenditures	$ (10,561,545)	$ (45,133)	$ (10,606,678)

Statement of Financial Position

	March 31, 2010		
	As Previously Reported	Adjustments	As Restated
Liabilities			
Deferred revenue	$ 5,535,224	$ 915,906	$ 6,451,130
Net assets			
Surplus (Deficit)	$ 494,252	$ (915,906)	$ (421,654)

14 Financial instruments

The carrying values of cash, trust accounts, receivables and payables and accruals approximate their fair values due to the relatively short periods to maturity of these instruments.

It is management's opinion that the College is not exposed to significant interest rate risk, market risk, or currency risk. Significant risks managed by the College include liquidity risk and credit risk.

Liquidity risk

Liquiditiy risk is the risk that the College will be unable to meet its contractual obligations and financial liabilities. The College manages liquidity risk by monitoring its cash flows including ongoing future support from government grants, student tuition and other sources to ensure that it has sufficient cash available to meet its obligations and liabilities.

Credit risk

The College is exposed to credit risk relating to receivables from students and clients. The College manages this risk by monitoring receivable accounts and establishes an appropriate allowance for doubful accounts based upon information available.

15 Capital disclosures

The College's capital includes net assets. The College's objective in maintaining capital is to safeguard its capital to ensure its ability to continue to provide services to students and other clients. Annual budgets are prepared and monitored to ensure the College maintains appropriate net assets. The College has no externally imposed restrictions.

16 Comparative figures

Certain of the 2010 comparative figures have been reclassified to conform to the financial presentation adopted in 2011.

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

FINANCIAL STATEMENTS/ AUDITORS' REPORT

June 30, 2010

NOSEWORTHY CHAPMAN
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

We have audited the statement of financial position of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2010 and the related statements of current revenues, expenditures and Board equity, statement of cash flows and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2010 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Noseworthy Chapman

Chartered Accountants
St. John's, Newfoundland & Labrador
September 15, 2010

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

STATEMENT OF FINANCIAL POSITION

June 30, 2010

	2010	2009
Assets		
Current Assets		
Cash (Supp. Info. 1)	$ 84,020	$ -
Short Term Investments (Supp. Info. 2)	206,000	306,000
Accounts Receivable (Note 2)	458,713	493,156
HST Receivable	30,254	28,603
Prepaid Expenses (Supp. Info. 3)	21,191	31,802
Total Current Assets	800,178	859,561
Long Term Investments	-	-
Capital Assets (Sch. 8)	9,550,794	7,660,469
	$ 10,350,972	$ 8,520,030
Liabilities and Board Equity		
Current Liabilities		
Due to Bank (Supp. Info.1)	$ -	$ 63,205
Due to the Government of Newfoundland & Labrador	118,899	152,733
Accounts Payable and Accruals (Note 3)	67,800	53,614
Current Maturities	4,000	-
Total Current Liabilities	190,699	269,552
Long-Term Debt	3,500	-
Severance Pay Benefits - Teaching staff (Note 5)	335,438	238,694
Severance Pay Benefits - Non-teaching staff (Note 5)	59,767	50,698
Other Employee Benefits - Vacation pay	12,266	10,238
Executive Staff Paid Leave (Note 6)	53,129	41,073
Summer Pay Liability	404,409	372,746
Deferred Revenue	32,962	88,571
	897,971	802,020
Board Equity		
Investment in Capital Assets (Note 4)	9,539,352	7,646,175
Reserve - (Note 7)	51,000	36,000
Board Equity (Deficit)	(331,550)	(233,717)
Total Board Equity	9,258,802	7,448,458
	10,350,972	$ 8,520,030

Contingent liability (Note 8)

Approved:

Chairperson

Director of Education

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 2010

	2010	Budget	2009
Current Revenue (Schedule 1)			
Federal Government Grants	$ 1,146,895	$ 1,146,895	$ 1,215,865
Provincial Government Grants	6,067,015	5,558,805	5,791,572
Donations	-	-	-
Ancillary Services	129,888	130,000	138,002
Miscellaneous	406	1,400	14,849
	7,344,204	6,837,100	7,160,288
Current Expenditures			
Administration - (Schedule 2)	600,094	502,030	525,185
Instruction (Schedule 3)	3,885,084	3,629,875	3,679,283
Operations and Maintenance (Schedule 4)	641,623	655,000	698,976
Pupil Transportation (Schedule 5)	413,556	390,000	379,509
Ancillary Services (Schedule 6)	161,198	160,000	196,809
Miscellaneous Expense (Schedule 7)	33,500	-	-
Pupil Services - federal grant (Schedule 10)	949,709	970,995	1,024,756
Community programs - federal grant (Schedule 11)	175,900	175,900	173,665
Amortization of capital assets	385,717	387,500	385,030
	7,246.381	6,871,100	7,063,213
Excess of Revenue over Expenditure before undemoted item	97,823	(34,000)	97,074
Transfer to Capital Fund	71,856	-	45,415
Excess of Revenue over Expenditure for the Period	25,967	$ (34,000)	51,659
Executive Staff Paid Leave (Note 6)	(12,056)		(41,073)
Teacher severance pay accrual (Note 5)	(96,744)		(8,357)
Adjusted excess of Revenue over Expenditures	(82,833)		2,229
Board Deficiency, Beginning of Year	(233,717)		(220,946)
Transfer (to) from reserve	(15,000)		(15,000)
Fund Deficiency, End of the Year	$ (331,550)		$ (233,717)

See accompanying notes to the financial statements

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Cash Flows
Year Ended June 30, 2010

	2010	2009
Operating Activities		
Excess of Revenue over Expenditures (Expenditures over Revenue)	$ (82,833)	$ 2,229
Changes in Non-Cash Working Capital		
- Short Term Investments	100,000	(81,000)
- Accounts Receivable	32,791	(74,863)
- Prepaid Expenses	10,611	(20,217)
- Accounts Payable & Accrued Expenses	(15,650)	(71,273)
- Amortization of capital assets	2,855	2,825
Other non-working capital items		
- Summer Pay Liability	31,663	47,386
- Severance pay accrual	105,813	30,148
- Long term deposits		
- Other employee benefits	14,084	42,243
- Deferred revenue	(55,609)	77,077
	143,725	(45,445)
Financing Activities		
Proceeds form Bank Loans	-	-
Grants - Capital	2,276,040	233,636
Other Capital Revenue	-	-
Changes in Long-Term Debt	3,500	-
Other - reserve	-	-
	2,279,540	233,636
Investing Activities		
Proceeds in Sale of Capital Assets	-	-
Additions to Capital Assets	(2,276,040)	(233,636)
Other	-	-
	(2,276,040)	(233,636)
Increase (decrease) in Cash	147,225	(45,445)
Cash, Beginning of the Year	(63,205)	(17,760)
Cash, End of the Year	$ 84,020	$ (63,205)

See accompanying notes to the financial statements

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Changes in Capital Fund
Year Ended June 30, 2010

	2010	2009
Capital Receipts		
Proceeds from Bank Loans		
- School Construction	$ -	$ -
- Equipment	-	-
- Service Vehicles	-	-
- Pupil Transportation	-	-
	-	-
Federal Grants		
School Construction and Equipment	-	-
Other	-	-
	-	-
Donations		
- Cash Receipts	-	-
- Non-Cash Receipts	-	-
- Restricted Use	-	-
	-	-
Sale of Capital Assets - Proceeds		
- Land & 012 Buildings	-	-
- Equipment	-	-
- Service Vehicles	-	-
- Pupil Transportation Vehicles	-	-
	-	-
Other Capital Revenues		
- Interest on Capital Fund Investments	-	-
- Premiums on Debentures	-	-
- Recoveries of Expenditures	-	-
- Insurance Proceeds	-	-
- Native Peoples Grants	-	-
- Miscellaneous		
- Capital Grants - Province of NL	2,374,184	188,221
- Disposal of School in Goose Bay	(170,000)	
- Cost sharing for Info Technology Grants	-	-
Total Capital Receipts	2,204,184	188,221
Transfer from Reserve Account	-	-
Transfer from Current Fund	71,856	45,415
Total	$ 2,276,040	$ 233,636

See accompanying notes to the financial statements

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Changes in Capital Fund (Cont'd)
Year Ended June 30, 2010

	2010	2009
Capital Disbursements		
Additions to Capital Assets		
- Land and Sites	$ -	$ 125,000
- Buildings (net)	2,165,128	63,221
- Furniture & Equipment - Schools	98,995	19,070
- Furniture & Equipment - Other	10,767	25,454
- Service Vehicles	-	-
- Pupil Transportation	-	-
- Other - Centre des Grands-Vents	1,150	891
	2,276,040	233,636
Principal Repayment of Long Term Debt		
- School Construction	-	-
- Equipment	-	-
- Service Vehicles	-	-
- Other	-	-
	-	-
Miscellaneous Disbursements		
- Other	-	-
Total Capital Disbursements	$ 2,276,040	$ 233,636

See accompanying notes to the financial statements

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Province in regard to capital projects are recorded as capital revenues.

b) Capital asset additions are recorded at full cost in the capital fund and are amortized over their useful lives.

c) Capital assets are amortized using the straight line method based on the following number of years:

School buildings - 40 years
Furniture - 10 years
Equipment - 10 years
Computers - 4 years

d) Funding relating to capital assets is deferred and amortized according to the same method used for the assets to which it relates.

e) The School board has acquired, in certain cases, land for its buildings without cost. In other cases, the board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. In the case where the land is board property, value determinations were not possible, meaning that the fair market value was not recorded.

f) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Notes to the Financial Statements
Year Ended June 30, 2010

2. Accounts Receivable

	2010	2009
Current		
Provincial Government	$ 413,052	$ 438,085
Transportation	-	-
Federal Government	18,063	28,473
Other School Districts	-	-
Rent	24,733	21,386
Interest	13	155
Travel Advances and Misc.	2,311	4,039
Capital		
Provincial Government Construction Grants	541	1,018
Local Contributions		
Other School Districts		
Other		
	$ 458,713	$ 493,156

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Notes to the Financial Statements
Year Ended June 30, 2010

3. Accounts Payable and Accruals

		2010	2009
Current			
Trade Payable		$ 28,240	$ 27,396
Accrued	- Liabilities	39,560	26,218
	- Interest	-	-
	- Wages	-	-
Payroll Deductions			
Retail Sales Tax			
Deferred Grants		-	-
Other		-	-
Capital			
Trade Payable			
Accrued	- Liabilities	-	
	- Interest		
Deferred Grants			
Other			
		$ 67,800	$ 53,614

	2010	2009
4. Investment in capital assets - beginning of year	$ 7,646,175	$ 7,794,745
Add:		
Transfer of Operating Funds to Capital Fund	71,856	45,415
Grants		
- Province - Contribution for Capital Construction	-	-
- Other -		
Capital Projects funded by the province but paid directly to other souces on behalf of the District	2,374,183	188,221
Donations		
Proceeds from the sale of Capital Assets		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Miscellaneous		
	2,446,039	233,636
Deduct Adjustments		
Amortization of Investment in Capital Assets	382,862	382,206
Cost of assets sold		
- Land		
- Buildings	170,000	
- Equipment		
- Vehicles		
- Other	-	-
	552,862	382,206
Other	-	-
Investment in capital assets	$ 9,539,352	$ 7,646,175

5 Accrued Severance Leave

The amount of $96,744 for teachers' severance costs and the amount of $9,069 for non-teaching staff severance costs are included in expenses. The amount of $335,438 for teachers' severance costs and the amount of $59,767 for non-teaching staff severance costs for a total of $395,115 are included in the liabilities.

The adjustment for teachers' severance pay is required by the Department of Education of the Government of Newfoundland and Labrador and has no impact on the operation of the School Board. No account receivable is included in the accounts to offset this liability.

The accrued severance leave for non-teaching personnel is funded out of the board's regular operating grants.

6 Executive Staff Paid Leave

The amount of $12,056 for executive staff paid leave has been included in current year expenses. The amount of $41,073 for executive staff paid leave related to June 30, 2009 has been reflected appropriately in that period. No account receivable is included in the accounts to offset this liabilty.

7 Reserve

In accordance with leases with the tenants of the Centre scolaire et communautaire des Grand-Vents in St. John's, this reserve constitutes funds that management has designated as restricted funds to allow for the future purchase of computer equipment and major renovations of the building.

8 Contingent liability

The organization was served a statement of claim for an unspecified dollar amount by an individual for wrongful dismissal from a position within Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador Subsequently, a defense to the statement of claim has been filed by the organization. To date this issue has yet to be resolved and the amount and likelihood any settlement is not determinable at this time.

9 Comparative figures

Certain of the prior year comparative figures have been reclassified to conform to the current year presentation.

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Current Revenues
Year Ended June 30, 2010

	2010	Budget	2009
Current Revenues			
Federal Government Grants			
Regular Operating Grants	$ 1,146,895	$ 1,146,895	$ 1,215,865
Provincial Government Grants			
Regular Operating Grants	1,446,743	1,462,805	1,385,608
Amort. of deferred rev for capital assets	382,862	385,000	382,206
Special Grants	-	-	-
- Traditionnal Music	-	-	-
- Official Language Monitor	30,063	57,500	40,473
- French Language recuperation	-	-	-
- Textbook credit allocation	-	-	-
- Communication Tech	-	-	-
- Other	223,193	5,000	171,637
Salaries and Benefits	-	-	-
- Superintendent and Asst. Supts.	228,500	215,000	212,343
- Regular Teachers	3,082,757	2,885,000	2,972,698
- Substitute Teachers	103,325	72,100	97,309
- Student Assistants	166,182	46,400	66,825
- Senior Educational Officer	7,187	50,000	85,771
Pupil Transportation	-	-	-
- Board Owned	-	-	-
- Contracted	396,203	380,000	376,702
- Handicapped	-	-	-
	6,067,015	5,558,805	5,791,572
Donations			
Cash Receipts	-	-	-
Non Cash Receipts	-	-	-
Restricted Use	-	-	-
	-	-	-
Ancillary Services			
Revenues from Rental of Residences	-	-	7,875
Revenues from Rental of Schools and Facilities	104,888	105,000	105,127
Cafeterias	-	-	-
Other - ARCO	25,000	25,000	25,000
	129,888	130,000	138,002
	7,343,798	6,835,700	7,145,439

Schedule 1 (Cont'd)

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Current Revenues
Year Ended June 30, 2010

	2010	Budget	2009
Miscellaneous			
Interest on Investments	406	350	953
Bus Charters	-		-
Recoveries of Expenditures	-		-
Revenues from Other School Boards	-		-
Insurance Proceeds	-		-
Bilingual Education Revenue	-		-
Operating Rev. from Native Peoples Grant	-		-
Miscellaneous Federal Grants	-		-
Textbooks	-		-
Other			
- Mining Company Grants	-	-	13,391
- Tutoring for tuition	-		-
- Sundry	-	1,050	505
	406	1,400	14,849
Total Current Revenues	$ 7,344,204	$ 6,837,100	$ 7,160,288

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Administration Expenditures
Year Ended June 30, 2010

	2010	Budget	2009
Salaries and Benefits			
- Superintendents and Assistant Superintendents	$ 228,538	$ 215,000	$ 212,343
- Board Office Personnel	117,549	106,255	116,847
Office Supplies	6,073	7,500	9,550
Replacement Furniture and Equipment	3,078	6,500	3,990
Postage	7,152	6,500	7,626
Telephone	21,863	19,000	18,438
Office Equipment Rentals and Repairs	10,024	7,500	10,124
Bank Charges	4,052	3,500	3,680
Electricity	-	-	-
Fuel	-	-	-
Insurance	-	-	-
Repairs and Maintenance - Office Building	3,151	3,000	3,867
Travel	30,249	23,500	32,675
Board Meeting Expenses	54,474	50,000	38,995
Election Expenses	-	-	-
Professional Fees	63,921	22,500	28,369
Advertising - Recruitment	10,568	7,500	16,906
Membership Dues	24,344	16,500	17,188
Municipal Service Fees	1,090	575	520
Rental of Office Space	-	-	-
Relocation Expenses	-	2,000	-
Miscellaneous	786	1,700	2,015
Payroll Tax	-	-	-
Training	13,182	3,000	2,052
Total Administration Expenditures	$ 600,094	$ 502,030	$ 525,185

Schedule 3

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Instruction Expenditures

Year Ended June 30, 2010

	2010	Budget	2009
Instructional Salaries (Gross)			
Teachers' Salaries - Regular	$2,619,187	$ 2,430,000	$ 2,521,147
- Substitute	89,966	72,100	87,229
- Board Paid	64,525	82,500	18,489
Augmentation	-	-	-
Employee Benefits	442,737	400,000	426,556
School Secretaries - Salaries & Benefits	150,346	151,000	155,961
Payroll Tax	61,174	55,000	58,506
Other - Sal. & Ben. - program coord.	57,629	153,175	160,310
Other - Sal. & Ben. - student asst	139,793	46,400	55,816
Other - Sal. & Ben. - Labrador	-	-	834
	3,625,357	3,390,175	3,484,848
Instructional Materials			
General Supplies	21,972	23,500	20,214
Library Resource Materials	554	2,500	-
Teaching Aids	30,220	29,000	31,797
Textbooks	-	2,500	381
	52,746	57,500	52,392
Instructional Furniture and Equipment			
Replacement	21,518	30,000	9,438
Rentals and Repairs	7,680	8,500	9,855
	29,198	38,500	19,293
Instructional Staff Travel			
Program Co-ordinators	6,371	23,500	30,186
Teachers' Travel	12,625	17,500	26,164
Inservice and Conferences	4,108	6,500	1,896
	23,104	47,500	58,246
Other Instructional Costs			
French Monitor Program	32,881	62,500	44,483
Inclusion - Support Services	75,960	-	9,003
Secretaries - Training	170	1,000	-
Secretaries - Travels	2,042	1,500	-
Secretaries - Equipment	-	1,000	-
Traditionnal Music	-	-	9,359
Kinderstart	4,477	5,000	1,659
Extra Curricular Projects	9,516	13,000	-
Healthy Meals Projects	4,725	7,000	-
Principals discretionary budget	3,608	5,000	-
Arts Workshop	21,300	-	-
	154,679	96,000	64,504
Total Instruction Expenditures	$ 3,885,084	$ 3,629,675	$ 3,679,283

Schedule 4

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 2010

	2010	**Budget**	2009
Salaries - Janitorial	$ 211,723	$ 196,500	$ 214,158
- Maintenance	61,673	78,500	94,806
Payroll Tax	-		
Electricity	131,114	140,000	140,738
Fuel	-		-
Municipal Service Fees/Garbage Removal	7,169	7,500	7,468
Telephone	26,590	26,500	24,241
Vehicle Operating and Travel	16,427	22,000	21,991
Janitorial Supplies	19,967	17,500	16,877
Janitorial Equipment	1,522	5,000	1,823
Repairs and Maintenance - Buildings	92,608	62,000	101,502
- Equipment	3,985	18,500	7,080
Contracted Services - Janitorial	1,125	2,000	5,089
Snow Clearing	63,316	70,000	59,980
Rentals	-		-
Other (training)	1,149	5,500	
Other (Security systems)	3,255	3,500	3,223
Total Operations and Maintenance	$ 641,623	$ 655,000	$ 698,976

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Pupil Transportation Expenditure
Year Ended June 30, 2010

	2010	Budget	2009
Operation and Maintenance of Board			
Owned Fleet	$ -		$ -
Vehicle Leases	-		-
	-		-
Contracted Services			
Regular Transportation	413,556	390,000	379,509
Handicapped	-		-
	413,556	390,000	379,509
Pupil Transportation Expenditures	$ 413,556	$ 390,000	$ 379,509

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Ancillary Services and Miscellaneous Expenses
Year Ended June 30, 2010

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

	2010	Budget	2009
Ancillary Services			
Operation of Teachers' Residences	$ 1,100	$ -	$ 16,571
Cafeterias	-		-
Other - Community Centre operations	160,098	160,000	180,238
Other - Environmental Centre	-		-
Total ancillary services	$ 161,198	$ 160,000	$ 196,809

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	2010	Budget	2009
GPS Project	$ 25,000	$ -	$ -
Green Environment Project	8,500	-	-
Total miscellaneous expenses	$ 33,500	$ -	$ -

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Capital Assets
Year Ended June 30, 2010

	Cost 2009	Additions 2010	Disposals 2010	Cost 2010	Accumulated Amortization 2010	Net book value 2010	Net book value 2009
Land and Sites							
Land and Sites	$ 125,000	$ -	$ -	$ 125,000	$ -	$ 125,000	$ 125,000
Buildings							
Schools	11,199,129	2,335,128	200,000	13,334,257	4,329,418	9,004,839	7,127,394
Administration	-			-		-	-
Residential	-			-	-	-	-
Recreational	-			-	-	-	-
Other	-			-	-	-	-
	11,199,129	2,335,128	200,000	13,334,257	4,329,418	9,004,839	7,127,394
Furniture and Equip.							
Schools	864,216	98,995		963,211	616,072	347,139	322,143
Administration	323,574	10,767		334,341	283,587	50,754	59,753
Residential	-			-	-	-	-
Recreation	-			-	-	-	-
Other - CGV	41,521	1,150		42,671	19,609	23,062	26,179
	1,229,311	110,912	-	1,340,223	919,268	420,955	408,075
Misc. Capital Assets							
Other	-				-	-	-
Total Capital Assets	$ 12,553,440	$ 2,446,040	$ 200,000	$ 14,799,480	$ 5,248,686	$ 9,550,794	$ 7,660,469

Schedule 9

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Long Term Debt
Year Ended June 30, 2010

	2010	2009
Loans Other than Pupil Transportation	$	$
Bank Loans		
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
Total	-	-
Mortgages		
___ Repayable $________annually, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
Total	-	-
Debentures		
___ Repayable $________annually, maturing ______	-	-
___ Repayable $________monthly, maturing ______	-	-
Total	-	-
Subtotal	-	-
Less Current Maturities	-	-

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Long Term Debt
Year Ended June 30, 2010

	2010	2009
Loans - Pupil Transportation		
Vehicle Bank Loans		
____ Repayable $______monthly, maturing _____	$ -	$
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total	-	-
Land, Buildings and Equipment Bank Loans		
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total	-	-
Subtotal	-	-
Less Current Maturities	-	-
Total Loans - Pupil Transportation	-	-

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Summary of Long Term Debt
Year Ended June 30, 2010

Description	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction	$ -	$ -	$ -	$ -
B) Equipment	-	-	-	-
C) Service Vehicles	-	-	-	-
D) Other				
	-	-	-	-
E) Pupil Transportation	-	-	-	-
Total Loans	$ -	$ -	$ -	$ -

Schedule 9B

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Schedule of Current Maturities
Year Ended June 30, 2010

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ -	$ -	$ -	$ -	$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -

Schedule 9C

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Schedule of Interest Expense
Year Ended June 30, 2010

Description	2010	2009
Capital		
School Construction	$ -	$ -
IEC	-	-
Equipment	-	-
Service Vehicles	-	-
Other		
Energy Management	-	-
Total Capital	-	-
Current - Operating Loans	-	-
- Supplier Interest	-	-
- Charges	-	-
Total Current	-	-
Total Interest Expense	$ -	$ -

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Pupil Services - Federal Funding

Year Ended June 30, 2010

	2010	Budget	2009
Language recovery	229,797	232,500	190,000
Student Support Services	177,012	170,000	176,600
Artists in residence / Art & cultural programming	151,532	141,895	53,798
Teacher recruitment and retention	75,938	100,000	107,607
Promotion / Student recruitment	87,578	80,800	112,485
Principal & teacher training	67,512	67,200	58,034
Technology support services	45,600	45,600	-
Federal project administration	38,400	38,400	37,500
School programs coordination	34,409	32,500	163,260
French professional services	31,340	30,000	42,240
Distance education	180	15,000	25,377
Educational Resource Centre	10,411	15,000	18,898
Adult language recovery	-	2,100	4,000
Support for school improvement projects			3,963
Board members training			4,199
French recuperation Center	-	-	26,795
Total - Pupil services - federal funding	$ 949,709	$ 970,995	$ 1,024,756

Schedule 11

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Community programs - Federal Funding

Year Ended June 30, 2010

	2010	Budget	2009
Family resource centers	$ 85,500	$ 85,500	$ 81,906
After school programs	53,900	53,900	35,997
Family literacy - Port-au-Port peninsula	30,500	30,500	30,514
Saturday school program	6,000	6,000	12,848
Summer Project		-	12,400
Total community programs	$ 175,900	$ 175,900	$ 173,665

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Supplementary Information
Year Ended June 30, 2010

1. Cash

	2010	2009
Current		
Cash on Hand and in Bank	$ -	$ -
Cash on Hand	-	-
Bank - Current	84,020	(63,205)
- Savings	-	-
- Teachers' Payroll	-	-
- Non Teachers' Payroll	-	-
- Coupon (Debenture)	-	-
- Other (Petty Cash)	-	-
	84,020	(63,205)
Capital		
Cash on Hand and in Bank	-	-
Cash on Hand	-	-
Bank - Current	-	-
- Savings	-	-
- Other	-	-
	-	-
Total Cash on Hand and in Bank	84,020	(63,205)

2. Short Term Investments

	2010	2009
Current		
Term Deposits	206,000	306,000
Canada Savings Bonds	-	-
Other		
- Canada Treasury Bills	-	-
- Mutual Funds	-	-
- Balance in Broker account	-	-
- Guaranteed Investment Certificate	-	-
Capital		
Term Deposits	-	-
Canada Savings Bonds	-	-
Other	-	-
Total Short Term Investments	$ 206,000	$ 306,000

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Supplementary Information
Year Ended June 30, 2010

3. Prepaid Expenses

	2010	2009
Current		
Insurance		
Municipal Service Fees	$ -	$ -
Supplies	-	-
Other		
- Workers' Compensation Commission	13,753	13,538
- Salaries		-
- Teachers in-service - advance		937
- Student transportation contracts	2,010	-
- Board meetings - advance	2,368	7,717
- Rental - damage deposit		1,700
- Travel advances	2,507	
- Other	553	348
Capital		-
Other		7,562
Total prepaid expenses	$ 21,191	$ 31,802

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

FINANCIAL STATEMENTS

31 MARCH 2011

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Minister of Government Services
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Consumer Protection Fund for Prepaid Funeral Services which comprise the balance sheet as at 31 March 2011, the statement of revenues, expenses and deficit and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Report (cont.)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

28 June 2011
St. John's, Newfoundland and Labrador

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
BALANCE SHEET

31 March	2011	2010
ASSETS		
Current		
Cash	$ 43,793	$ -
Accounts receivable	25,491	21,591
	$ 69,284	$ 21,591
LIABILITIES AND DEFICIT		
Current		
Bank indebtedness	$ -	$ 6,009
Accounts payable and accrued liabilities	9,117	4,079
Deferred revenue	7,260	7,838
	16,377	17,926
Liability for claims arising from prepaid funeral services contracts (Note 2)	101,165	106,178
	117,542	124,104
Deficit	(48,258)	(102,513)
	$ 69,284	$ 21,591

See accompanying notes

Signed on behalf of the Fund:

Harry Harding
Minister of Government Services

David Nowe
Deputy Minister of Government Services

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	**2011**	**2010**
REVENUES		
Assessments (Note 3)	$ 58,788	$ 98,694
EXPENSES		
Interest and bank charges	75	1,253
Professional services	4,458	8,761
	4,533	10,014
Excess of revenues over expenses from operations	54,255	88,680
Other revenue		
Recovery relating to restitution order (Note 4)	-	1,871
Excess of revenues over expenses	54,255	90,551
Deficit, beginning of year	(102,513)	(193,064)
Deficit, end of year	$ (48,258)	$ (102,513)

See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2011	2010
Cash flows from operating activities		
Excess of revenues over expenses	$ 54,255	$ 90,551
Change in non-cash working capital	560	12,351
	54,815	102,902
Cash flows from financing activities		
Reduction of claims arising from prepaid funeral services contracts (Note 2)	(5,013)	(11,176)
Net increase in cash / Net decrease in bank indebtedness	49,802	91,726
Bank indebtedness, beginning of year	(6,009)	(97,735)
Cash (Bank indebtedness) end of year	$ 43,793	$ (6,009)

See accompanying notes

Authority

The Consumer Protection Fund for Prepaid Funeral Services (the Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

1. Summary of significant accounting policies

These financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. Significant accounting policies adopted by management are as follows:

(a) Revenue recognition

Assessment revenue is recognized as earned.

(b) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

2. Liability for claims arising from prepaid funeral services contracts

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 customers had purchased prepaid funerals totalling $492,790. An additional claim has also been recognized for a customer who was not included in the original liability. During the year 1 claim (2010 - 2) relating to these prepaid funeral services contracts became payable by the Fund. Details of the change in the liability are as follows:

	2011	2010
Liability, beginning of year	$ 106,178	$ 117,354
Claims paid or payable	(5,013)	(11,176)
Liability, end of year	$ 101,165	$ 106,178

3. Assessments

A seller of prepaid funeral services is required to pay to the Fund an amount that is 1% - 5% of the cost of each prepaid funeral contract, based on the percentage of the seller's prepaid obligation held in trust. During the year, $58,788 (2010 - $98,694) was paid to the Fund.

4. Restitution Order

A Restitution Order in the amount of $500,029 is in place against the former owner of the failed funeral home in Port aux Basques. This Restitution Order has been registered in the province where the owner now resides. During 2009 the financial institution which held the first mortgage on the property co-owned by this individual foreclosed on the property and in June 2009 the Fund received $23,662 from the resulting sale of this property. During 2010, the Fund received an additional amount of $1,871 in connection with this sale. The Restitution Order is still in effect and further action will be taken by the Fund where there is a likelihood of recovery.

5. Financial instruments

The Fund's financial instruments recognized on the balance sheet consist of cash, accounts receivables, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. There is no credit risk associated with the Fund's accounts receivable because most of the accounts were collected subsequent to year end. Therefore, no allowance has been provided against these receivables.

6. Related party transactions

The Fund is administered by employees of the Department of Government Services. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

7. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Financial Statements

Year Ended December 31, 2010

BRIAN T. SCAMMELL, CA•CBV
ASSURANCE VALUATION & ADVISORY

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St. John's, NL A1A 5B5
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INDEPENDENT AUDITOR'S REPORT

To the Directors of Credit Union Deposit Guarantee Corporation

I have audited the accompanying financial statements of Credit Union Deposit Guarantee Corporation, which comprise the balance sheet as at December 31, 2010, and the statements of income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Credit Union Deposit Guarantee Corporation as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brian Scammell

St. John's, NL
March 7, 2011

CHARTERED ACCOUNTANT

Credit Union Deposit Guarantee Corporation
Balance Sheet
December 31, 2010

	2010	2009
ASSETS		
Cash	$ **29,011**	$ 175,244
Marketable securities *(Note 3)*	**5,459,822**	5,238,888
Accounts receivable	**797**	2,072
Interest receivable	**74,466**	70,673
Harmonized sales tax recoverable	**25,344**	23,828
Prepaid expenses	**2,983**	2,981
Capital assets *(Note 4)*	**14,723**	12,610
	$ **5,607,146**	$ 5,526,296
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ **239,242**	$ 179,384
RETAINED EARNINGS	**5,367,904**	5,346,912
LIABILITIES AND SHAREHOLDERS' EQUITY	$ **5,607,146**	$ 5,526,296

ON BEHALF OF THE BOARD

Director

Director

Credit Union Deposit Guarantee Corporation
Statement of Income and Retained Earnings
Year Ended December 31, 2010

	2010	2009
REVENUE		
Assessments	$ 1,109,032	$ 1,024,069
Bonding insurance	275,759	300,427
Interest	117,697	211,826
Other	1,250	650
	1,503,738	1,536,972
EXPENSES		
Salaries and wages	578,083	503,990
Bonding Insurance	224,670	250,124
Travel	48,184	39,906
Training	32,645	65,143
Rental	31,791	31,333
Meetings and conventions	28,162	36,710
Professional fees	19,314	14,899
Office	18,205	13,585
Telephone	15,073	12,315
Data access costs	12,480	11,330
Advertising and promotion	11,011	8,664
Directors fees	7,375	9,375
Amortization	4,113	3,516
Vehicle	-	10,836
	1,031,106	1,011,726
INCOME FROM OPERATIONS	472,632	525,246
OTHER INCOME (EXPENSES)	(368)	(2,915)
NET INCOME	472,264	522,331
RETAINED EARNINGS - BEGINNING OF YEAR	5,346,912	5,279,250
	5,819,176	5,801,581
ASSISTANCE TO CREDIT UNIONS	(451,272)	(454,669)
RETAINED EARNINGS - END OF YEAR	$ 5,367,904	$ 5,346,912

Credit Union Deposit Guarantee Corporation
Statement of Cash Flows
Year Ended December 31, 2010

	2010	2009
OPERATING ACTIVITIES		
Net income	$ 472,264	$ 522,331
Items not affecting cash:		
Amortization of capital assets	4,113	7,266
Loss on disposal of assets	368	2,915
	476,745	532,512
Changes in other items:		
Accounts receivable	1,275	(1,431)
Interest receivable	(3,793)	(563)
Accounts payable	59,857	108,086
Prepaid expenses	(2)	1,069
Harmonized sales tax receivable	(1,516)	843
	55,821	108,004
Cash flow from operating activities	532,566	640,516
INVESTING ACTIVITIES		
Purchase of capital assets	(6,853)	(6,297)
Proceeds on disposal of capital assets	260	7,078
Purchase of marketable securities	(2,614,652)	(1,210,851)
Redemption of marketable securities	2,393,718	874,625
Cash flow used by investing activities	(227,527)	(335,445)
FINANCING ACTIVITY		
Dividends paid	(451,272)	(454,669)
DECREASE IN CASH FLOW	(146,233)	(149,598)
Cash - beginning of year	175,244	324,842
CASH - END OF YEAR	$ 29,011	$ 175,244
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	$ 3,793	$ 563
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 133 of the Credit Union Act.

2. OTHER SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of balances with banks.

Financial instruments

Classification

A financial instrument is a contract that establishes a financial asset for one party and a financial liability or equity instrument for the other party. CICA Handbook Section 3855 establishes a framework for the recognition and measurement of financial assets and financial liabilities. All financial instruments have been classified either based on the type of instrument or the Corporation's intention regarding the instrument, as described below:

Held for Trading

Financial assets classified as held for trading are typically acquired for resale prior to maturity or designated as held for trading.They are measured at fair value on the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income. Cash and cash equivalents have been classified as held-for-trading.

Financial liabilities designated as held for trading are those non-derivative financial liabilities that the Corporation elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense.These are accounted for in the same manner as held for trading assets.The Corporation has not designated any non-derivative financial liabilities as held for trading.

Held to Maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, that an entity has the positive intention and ability to hold to maturity.These assets are measured at amortized cost using the effective interest method. The Corporation has classified its investments as held to maturity.

Available for Sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held for trading, or held to maturity. Except as mentioned below, available for sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to other income. Available for sale financial assets that do not have quoted market prices in an active market are recorded at cost. Interest on interest bearing available for sale financial assets is calculated using the effective interest method. No financial assets have been classified as available for sale.

(continues)

2. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loans and Receivables

Loans and receivables are recorded at amortized cost using the effective interest method. Amortized cost is a reasonable estimate of the fair value of these instruments.

Other Liabilities

Other liabilities, such as bank indebtedness and accounts payable and accrued liabilities, are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments. Amortized cost is a reasonable estimate of the fair value of these instruments

Transaction Costs

Transaction costs are expensed as incurred.

Fair Values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an open market, the Corporation determines fair values based on internal or external valuation models such as discounted cash flow analysis or using observable market-based inputs.

Effective Interest Method

The Corporation uses the effective interest method to recognize interest income or expense, premiums or discounts earned or incurred for financial instruments.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The Corporation regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Severance pay

Severance pay, which is included with accounts payable and accrued liabilities, is accrued for all employees for whom the right to such compensation is vested.

(continues)

2. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland & Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a $60,000 fee that is allocated to the Newfoundland and Labrador credit unions based on a pre-determined formula.

Assistance to credit unions

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors has assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent on future events. The amount of actual assistance paid and possible future assistance is disclosed in the financial statements.

Pension costs

Employees of the Corporation other than the Chief Executive Officer are included in the Public Service Pension Plan of the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pension are recognized in the accounts on a current basis. Contributions to this plan totalled $27,089 (2009- $26,234).

The Corporation also contributed to a private registered retirement savings plan for the Chief Executive Officer based on a percentage of his annual salary. Contributions to this plan totalled $7,423 (2009- $6,605.)

Future income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

3. MARKETABLE SECURITIES

	2010	2009
Concentra Financial, 1.80%	**$ 5,000,000**	$ 5,235,851
Concentra Financial, .70%	**459,712**	1,927
Credit Union Central of Nova Scotia shares	**-**	1,000
Newfoundland and Labrador Credit Union share	**100**	100
Concentra shares	**10**	10
	$ 5,459,822	$ 5,238,888

4. CAPITAL ASSETS

	Cost	Accumulated amortization	**2010 Net book value**	2009 Net book value
Computer equipment	$ 74,249	$ 67,296	**$ 6,953**	$ 7,811
Furniture and fixtures	32,570	24,800	**7,770**	4,799
	$ 106,819	$ 92,096	**$ 14,723**	$ 12,610

5. CAPITAL MANAGEMENT

The Corporation's objectives with respect to capital management are to safeguard the entity's ability to continue as a going concern so that it can continue to operate as a deposit insurance provider for the Newfoundland & Labrador credit unions, including the provision of stabilization funds as needed.

The Corporation defines its capital as the balance in the Deposit Guarantee Fund Balance; the changes in this balance for 2010 are presented in the Statement of Income and Fund Balance.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments are comprised of cash, investments, receivables and accounts payable.

Cash is reported at fair value on the balance sheet. Receivables and accounts payable are reported at amortized cost which approximates fair value due to their short term nature. Investments are reported at amortized cost using the effective interest method which approximates their fair value.

7. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Corporation is exposed to the following risks as a result of holding financial instruments: credit risk, market risk and liquidity risk. The following is a description of those risks and how the Corporation manages the exposure to them.

Credit Risk

Credit risk is the risk that a financial loss will occur due to the failure of a counterparty to discharge its contractual commitment or obligation to the Corporation. Credit risk may arise principally through its investments included in the Corporation's asset portfolio.

The Corporation manages this risk by making investments in accordance with the investment policy established by the Board of Directors which permits the Corporation to invest in high quality, liquid short-term investments. Equity investments are not permitted.

Market Risk

Market risk arises from changes in interest rates on investments in its portfolio that affect the Corporation's net interest income. The Corporation's goal is to maximize its return on these portfolios, without taking unreasonable risk and retaining a high degree of liquidity.

The Corporation manages this risk by investing in securities that are not susceptible to significant changes in rates of return to the Corporation caused by changes in market values of the investments.

Liquidity Risk

Liquidity risk is the risk of having insufficient financial resources to meet the Corporation's funding requirements.

The Corporation's liquidity policies and practices include the measurement and forecast of cash flows and maintenance of a pool of high quality liquid assets.

8. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is $30,895.

9. INCOME TAXES

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

Year of Expiry	Amount
2014	438,667
2015	362,558
2026	350,333
2027	255,907
2028	387,654
2029	434,292
2030	575,432
	$ 2,804,843

The undepreciated capital cost for income tax purposes of the Corporation's depreciable assets exceeds the net book value by $115,766.

The potential income tax benefits associated with these items have not been recognized in the financial statements

Credit union assessments and assistance are excluded from the calculation of taxable income.

Grant Thornton

Financial Statements

Dairy Farmers of Newfoundland and Labrador

July 31, 2010

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St John's NL
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To the Board of

Dairy Farmers of Newfoundland and Labrador

We have audited the statement of financial position of Dairy Farmers of Newfoundland and Labrador as at July 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at July 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland Labrador

October 14, 2010

Chartered Accountants

Dairy Farmers of Newfoundland and Labrador

Statements of Operations and Changes in Net Assets

Year Ended July 31	Budget	2010	2009
Revenue			
Market share quota (Note 8)		$ 14,818,609	$ 14,786,491
Dairy Farmers of Newfoundland and Labrador Board levies	$ 969,000	966,354	957,776
New entrants levy		48,308	32,400
Government funding - special projects (Note 9)		1,052,281	421,338
Other income	10,000	10,316	20,627
	979,000	16,895,868	16,218,632
Direct expenditures			
Market share quota (Note 8)		14,818,609	14,786,491
Special project costs	35,000	1,057,170	455,788
Fluid Milk Dairy Farmers of Canada promotion levy	100,000	82,673	100,576
Dairy Farmers of Canada ice cream promotion fund	40,000	85,203	
	175,000	16,043,655	15,342,855
	804,000	852,213	875,777
Operating expenditures (Page 12)	881,565	850,282	857,682
Excess of (expenditures over revenue) revenue over expenditures	$ (77,565)	$ 1,931	$ 18,095
Net assets, beginning of year		$ 670,986	$ 904,472
Excess of revenue over expenditures		1,931	18,095
Payment to producers (Note 10)		-	(251,581)
Net assets, end of year		$ 672,917	$ 670,986

Dairy Farmers of Newfoundland and Labrador

Statement of Financial Position

July 31	2010	2009
Assets		
Current		
Cash and cash equivalents (Note 3)	$ 250,136	$ 462,340
Receivables (Note 4)	1,768,003	1,149,680
Prepaids	6,738	11,546
	2,024,877	1,623,566
Capital assets (Note 5)	6,099	6,794
	$ 2,030,976	$ 1,630,360
Liabilities		
Current		
Payables and accruals	$ 1,266,842	$ 861,500
Deferred revenue	50,742	59,408
	1,317,584	920,908
Accrued severance pay	34,376	31,672
	1,351,960	952,580
Net Assets		
Net assets	672,917	670,986
Investment in capital assets (Note 7)	6,099	6,794
	679,016	677,780
	$ 2,030,976	$ 1,630,360

Commitments (Note 12)
Contingency (Note 13)

On Behalf of the Board

________________ Director ________________ Director

Dairy Farmers of Newfoundland and Labrador

Statement of Cash Flows

Year Ended July 31	2010	2009
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditures	$ 1,931	$ 18,095
Capital expenditures	1,013	-
	2,944	18,095
Change in non-cash operating working capital (Note 11)	(214,135)	(293,460)
	(211,191)	(275,365)
Financing		
Payment to producers	-	(251,581)
Investing		
Purchase of equipment	(1,013)	-
Net decrease in cash and cash equivalents	(212,204)	(526,946)
Cash and cash equivalents		
Beginning of year	462,340	989,286
End of year	$ 250,136	$ 462,340

Dairy Farmers of Newfoundland and Labrador
Notes to the Financial Statements
July 31, 2010

1. Nature of operations

Dairy Farmers of Newfoundland and Labrador principal activities are the collection of levies to provide services to the 36 dairy farmers of Newfoundland and Labrador and the buying and re-selling of industrial milk. The Board is a not-for-profit organization and is exempt from paying income tax under Section 149 of the Canadian Income Tax Act. They are a Commodity Board under the Natural Products Marketing Act.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

i) capital assets are recorded at cost;
ii) capital additions financed from revenue are recorded as direct expenditures in the statement of operations and credited to the investment in capital assets account;
iii) government grants received towards the cost of capital assets are recorded as deferred capital grants;
iv) depreciation of capital assets and amortization of deferred capital grants are recorded in the investment in capital assets account;
v) repayments of long term debt used to acquire capital assets are recorded in the statement of operations and credited to the investment in capital assets account.

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

2. Summary of significant accounting policies (cont'd.)

Revenue recognition

Market sharing quota revenue including industrial milk, pooling charges, transportation and promotion levy is recognized when milk is shipped out of province to dairies in New Brunswick and Nova Scotia.

Board levies are recognized on a monthly basis as earned from each of the dairy farmers.

Government funding for specific projects are recognized as the related expenses are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Capital assets

Rates and bases of depreciation applied to write-off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Furniture and equipment	20%
Computer hardware	30%

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with five or ten years (depending on contract) of continual service, and accordingly no provision has been made in the accounts for employees with less than five years of continual service. The amount is payable when the employee ceases employment with the Board.

2. Summary of significant accounting policies (cont'd.)

Financial instruments

The CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Board to revalue all of its financial assets and liabilities, including derivatives and embedded derivatives in certain contracts, at fair value.

This standard also requires the Board to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale-measured at fair value with changes in fair value recognized in net earnings for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the standard, the Boards financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, capital assets, and deferred revenue are not within the scope of this accounting standard as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data were used as appropriate. The fair value of cash approximated its carrying value.

3. Cash and cash equivalents

Cash and cash equivalents includes restricted funds of $157,059 (2009 - $108,751) relating to new entrants levies collected by the Board.

4. Receivables

	2010	2009
Market sharing quota	$ 1,607,030	$ 1,032,639
Board levies	116,547	111,896
Government funding - special projects	44,426	2,306
Harmonized sales tax	-	2,839
	$ 1,768,003	$ 1,149,680

5. Capital assets

			2010	2009
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and equipment	$ 38,110	$ 33,745	$ 4,365	$ 4,317
Computer hardware	8,058	6,324	1,734	2,477
	$ 46,168	$ 40,069	$ 6,099	$ 6,794

6. Bank indebtedness

The Board has an approved line of credit of $600,000 with the Canadian Imperial Bank of Commerce at an interest rate of prime. As security the Board has provided a general security agreement providing a first charge on all assets. At July 31, 2010, there was a balance of $nil (2009 - $nil) outstanding on the line of credit.

The Board is subject to various bank covenants due to its operating line of credit, including maintaining a minimum working capital ratio of 1:1, and maintaining minimum net assets of $650,000.

As of July 31, 2010, the Board is in compliance with these covenants.

Dairy Farmers of Newfoundland and Labrador
Notes to the Financial Statements
July 31, 2010

7. **Investment in capital assets**	2010	2009
Balance, beginning of year	$ 6,794	$ 8,934
Capital expenditures	1,013	-
Depreciation	(1,708)	(2,140)
Balance, end of year	$ 6,099	$ 6,794

8. **Market share quota**	2010	2009
Revenue		
Industrial milk	$ 12,035,402	$ 12,751,358
Canadian Dairy Commission pooling charges	1,490,237	1,341,416
Transportation	1,101,001	518,459
Dairy Farmers of Canada promotion levy	191,969	175,258
	14,818,609	14,786,491
Direct expenditures		
Industrial milk	$ 12,035,402	$ 12,751,358
Canadian Dairy Commission pooling charges	1,490,237	1,341,416
Transportation	1,101,001	518,459
Dairy Farmers of Canada promotion levy	191,969	175,258
	14,818,609	14,786,491
Excess of revenue over expenditures	$ -	$ -

9. **Government funding**	2010	2009
The Board received Government funding for the following projects:		
Land Development Initiative	$ 944,555	-
Dr. Grandin Workshop	3,247	-
Transition Management Workshop	10,653	-
Cost of Production Update	31,825	-
Artificial Insemination Course	11,447	-
Free and Tie Stall Housing Design Seminars	5,905	-
Dairy Industry Strategic Plan	28,462	-
Website Development and Promotional Booth	4,000	-
Margin Over Feed Costs Seminar	1,248	-
Hoof Training	2,273	-

9. **Government funding** (cont'd.)	2010	2009
Tru-Grit Sand Manure Separator System	-	$ 147,100
Incremental Forage Production	-	63,450
National Water Supply Expansion Program	-	56,088
Alternative Bedding	8,666	42,161
Newfoundland and Labrador Dairy Farmers Strategic Plan	-	49,314
Water System Implementation Program	-	15,701
Training Program	-	1,906
Canadian Quality Milk Workshop	-	859
Whey Tank Insulation	-	44,749
	$ 1,052,281	$ 421,328

10. Payment to producers

On November 6, 2008 the Board approved a payment to producers based on the quota held by each producer at that date.

11. **Supplemental cash flow information**	2010	2009
Change in non-cash operating working capital		
Receivables	$ (618,323)	$ 1,728,576
Prepaids	4,808	6,251
Payables and accruals	405,342	(2,101,290)
Deferred revenue	(8,666)	59,408
Accrued severance pay	2,704	13,595
	$ (214,135)	$ (293,460)
Interest paid	$ 5,031	$ 2,994

12. Commitments

The Board has commitments for the lease of office space and equipment for the next four years as follows: 2011 - $17,594; 2012 - $4,188; 2013-2,469 and 2014 - $323.

Dairy Farmers of Newfoundland and Labrador has entered into an agreement with Government of Canada for a research project for research in processing of cool climate silage maise. The project will research the effects on chemical composition, voluntary intake, digestibility, rumen degradation and milk yield. The Board is committed to contributing $10,000 for the year 2010/2011.

13. Contingency

The Board has a potential liability to pay approximately $103,861 to an employee for sick leave of 510.50 days if necessary.

14. Capital management

The capital structure of the Board consists of investment in capital assets, and net assets. The primary objective of the Boards' capital management is to provide adequate funding to ensure efficient delivery of it services and activities to dairy farmers.

Investment in capital assets represents the amount of net assets that are not available for other purposes because they have been invested.

Net assets are funds available for future operations and are preserved so that the Board can have financial flexibility should opportunities arise in the future.

For the year end July 31, 2010, the Board has complied with all imposed capital restrictions.

Dairy Farmers of Newfoundland and Labrador

Schedule of Operating Expenditures

Year Ended July 31	Budget	2010	2009
Advertising	$ 10,000	$ 7,346	$ 6,331
Board annual and semi-annual meetings	30,000	21,507	19,583
Capital expenditures	5,000	1,013	-
Conference and meetings	35,000	30,436	40,065
Donations, dues and subscription	18,000	16,189	16,389
Equipment leasing	4,400	3,794	3,902
Federation of Agriculture	22,500	22,500	22,500
Honorarium	9,600	9,600	9,600
Insurance	2,500	1,675	2,323
Interest and bank charges	4,000	3,900	2,994
Milk testing	5,000	4,136	3,888
Miscellaneous	1,000	4,699	431
National Cost of Production Study	11,000	11,169	8,500
Office supplies and postage	14,000	12,878	6,887
Per diems	30,400	28,015	26,330
Professional fees	20,000	23,235	16,350
Research	5,000	10,000	5,000
Rent	18,000	14,625	14,625
Repairs and maintenance	1,500	1,665	1,662
School Milk Foundation	339,665	339,665	339,665
Telephone	-	7,238	6,261
Travel	45,000	37,324	46,414
Wages and benefits	250,000	237,673	257,982
	$ 881,565	$ 850,282	$ 857,682

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

31 MARCH 2011

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Director of Support Enforcement
Corner Brook, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Director of Support Enforcement, which comprise the statement of financial position as at 31 March 2011, and the statement of receipts and disbursements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2011, and its receipts and disbursements for the year then ended in accordance with the accounting policies described in note 1 to these financial statements.

Report on Other Legal and Regulatory Requirements

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Director of Support Enforcement and the Government of Newfoundland and Labrador to meet their information needs under Section 9 of the *Support Orders Enforcement Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

JOHN L. NOSEWORTHY, CA
Auditor General

29 June 2011
St. John's, Newfoundland and Labrador

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF FINANCIAL POSITION

31 March	2011	2010
ASSETS		
Cash	$ 783,177	$ 688,731
Accounts receivable (Note 2)	19,442,770	19,554,065
Other receivables (Note 3)	3,509	16,537
	$ 20,229,456	$ 20,259,333
LIABILITIES		
Accounts payable (Note 4)	$ 20,211,190	$ 20,248,173
Other payables (Note 5)	18,266	11,160
	$ 20,229,456	$ 20,259,333

See accompanying notes

Signed: ______________________
Director

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended 31 March	2011	2010
RECEIPTS		
Regular support	$ 31,526,047	$ 30,116,028
Out-of-system support	874,068	1,164,978
	32,400,115	31,281,006
DISBURSEMENTS		
Regular support	31,015,946	29,694,277
Out-of-system support	874,068	1,164,978
Other payments	415,655	434,076
	32,305,669	31,293,331
Excess of receipts over disbursements (disbursements over receipts)	94,446	(12,325)
Cash, beginning of year	688,731	701,056
Cash, end of year	$ 783,177	$ 688,731

See accompanying notes

Authority

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act*. Under this *Act*, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Reciprocal Enforcement of Support Orders Act*.

1. Basis of accounting

These financial statements have been prepared by the Director in accordance with the significant accounting policies set out below to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Director are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Director of Support Enforcement, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

(b) Assets and liabilities

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

(c) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

2. Accounts receivable

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

	2011	2010
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	$ 9,171,868	$ 8,333,355
Debtor in receipt of social assistance	2,498,737	1,985,439
Stay of enforcement in place	1,984,859	1,863,154
	13,655,464	12,181,948
Enforceable support orders	5,787,306	7,372,117
	$ 19,442,770	$ 19,554,065

3. Other receivables

Other receivables $3,509 (2010 - $16,537) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

4. Accounts payable

Accounts payable is comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2011	2010
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	$ 9,171,868	$ 8,333,355
Debtor in receipt of social assistance	2,498,737	1,985,439
Stay of enforcement in place	1,984,859	1,863,154
	13,655,464	12,181,948
Enforceable support orders	6,555,726	8,066,225
	$ 20,211,190	$ 20,248,173

5. Other payables

Other payables of $18,266 (2010 - $11,160) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

6. Related party transactions

The Director of Support Enforcement operates as a division of the Department of Justice. Expenses of $938,595 (2010 - $894,547) related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect these expenditures.

During the year the Director paid approximately $2.2 million (2010 - $2.4 million) to the Department of Human Resources, Labour and Employment related to support payments collected on behalf of individuals receiving social assistance.

7. Financial instruments

The Director's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, other receivables, accounts payable and other payables. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

8. Income taxes

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

Eastern Education Foundation Inc.
Financial Statements
December 31, 2010

BYRON
SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

BYRON D. SMITH, B. Comm., C.F.E., C.A.

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AUDITOR'S REPORT

To the Directors of:
Eastern Education Foundation Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Eastern Education Foundation Inc., which comprise the statement of financial position as at December 31, 2010, and the statements of financial activities and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure's selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Revenue

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising activities which are not susceptible to complete audit verification. Accordingly, my verification of revenues from these sources was limited to accounting for the amounts recorded in the records of the Foundation.

Opinion

In my opinion, except for the effect of adjustments, if any, had donations and fundraising revenue been susceptible to complete audit verification, the financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2010 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian Generally Accepted Accounting Principles.

Byron Smith

March 31, 2011
Spaniard's Bay, NL

CHARTERED ACCOUNTANT

Eastern Education Foundation Inc.
Balance Sheet

As at December 31,	2010	2009
Assets		
Current		
Cash	$ 98,608	$ 97,246
Accounts receivable	33,797	58,533
HST Receivable	3,366	1,496
	135,771	157,275
Restricted funds (note 2)		
GIC, interest bearing, Matthew Churchill Fund	53,825	53,825
GIC, interest bearing, Residents Committee Fund	15,484	15,484
GIC, interest bearing, Barbara Heffern Fund	13,000	
	$ 218,080	$ 226,584

Liabilities and Equity		
Current		
Payables and accruals	$ 25,922	$ 34,287
Equity (page 3)	192,158	192,297
	$ 218,080	$ 226,584

On Behalf of the Foundation:

Director

Director

The accompanying notes are an integral part of these financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Eastern Education Foundation Inc.
Statement of Revenue, Expenditures and Surplus

For the Year Ended December 31,	2010	2009
Revenue		
Charitable Donations	$ 68,758	$ 45,631
In Kind Contributions - Music and Computer Equipment	7,274	4,560
In Kind Contributions - Auction Items	3,727	8,509
Donations received from other registered charities	1,369	2,837
Fundraising Revenue	176,521	129,313
	257,649	190,850
Expenditures		
Charitable work	150,204	126,501
Operating expenses	31,645	20,947
Fundraising expenditures	88,939	65,823
Total expenditures	270,788	213,271
Deficit for the year	$ (13,139)	$ (22,421)

Schedule of Changes to Net Equity

	Total Restricted Funds (Note 2)	Unrestricted	Total
Equity, beginning of year	$ 69,309	$ 122,988	$ 192,297
Deficit for the year		(13,139)	(13,139)
Contributions Received	13,000		13,000
Equity, end of year	$ 82,309	$ 109,849	$ 192,158

The accompanying notes are an integral part
of these financial statements.

Eastern Education Foundation Inc.
Statement of Cash Flows

For the Year Ended December 31,	**2010**	**2009**
Cash provided From (Used For):		
Operating activities		
Surplus (Deficit) for the year	$ (13,139)	$ (22,421)
Changes in		
Receivables	22,866	(30,173)
Payables and accruals	(8,365)	19,883
	1,362	(32,711)
Increase (Decrease) in cash	1,362	(32,711)
Cash,beginning of year	97,246	129,957
Cash, end of year	$ 98,608	$ 97,246

The accompanying notes are an integral part
of these financial statements.

Nature of Operations

The Eastern Education Foundation Inc. is an incorporated body under the Corporations Act of Newfoundland & Labrador with the following purpose:

The provision of grants and other aid to the Eastern School District, its schools, and any other charitable organization whose mandate includes the advancement of education for the support, enhancement, maintenance, and improvements of the educational, environmental, welfare of counselling, nutritional and other programs for the benefit of students or the improvement of teaching and learning in District schools, facilities and equipment.

1. Significant Accounting Policies

Cash and Cash Equivalents

The Association considers deposits in banks as cash and cash equivalents.

Contributed Materials and Services

The Foundation recognizes contributions of materials and services when their fair value can be reasonably estimated.

Fair Value of Financial Instruments

Financial instruments consist of cash and short-term investments, accounts receivable, and accounts payable and accrued liabilities. The Foundation has evaluated the fair values of these financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of the financial instruments is considered to approximate fair value unless otherwise indicated.

Use of Estimates

The preparation of the Foundation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expences during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Donations and public support is reflected when funds are received. All other revenues are recorded on the accrual basis.

2. Restricted Funds

These amounts are invested in short term interest bearing guaranteed investment certificates.

The principal portion of these Funds can not be used for operations but only the accrued interest is eligible to be disbursed for scholarships. Interest accrued on these funds as at December 31, 2010 was $5,468 and is disclosed as accounts receivable.

Deloitte.

Financial Statements of

EASTERN REGIONAL HEALTH AUTHORITY – COTTAGES AND HOSTELS

March 31, 2011

Deloitte.

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

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www.deloitte.ca

Independent Auditor's Report

To the Board of Trustees of
Eastern Regional Health Authority

We have audited the accompanying financial statements of Eastern Regional Health Authority – Cottages and Hostels, which comprise the statement of financial position as at March 31, 2011 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Eastern Regional Health Authority – Cottages and Hostels to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the mortgage agreements with Newfoundland and Labrador Housing Corporation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared, in all material respects, in accordance with the financial reporting provisions of the mortgage agreements with Newfoundland and Labrador Housing Corporation.

Basis of Accounting and Restrictions on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Trustees of Eastern Regional Health Authority and Newfoundland and Labrador Housing Corporation and should not be distributed to or used by parties other than these named users.

Deloitte & Touche LLP

Chartered Accountants
July 13, 2011

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Statement of Operations

Year Ended March 31, 2011

	2011	2010
	$	$
Revenue		
Rentals	1,635,926	1,731,668
Rental assistance subsidy	197,014	201,126
Amortization of deferred capital contributions	109,372	90,000
Special funding	106,675	22,270
Laundry charge	18,806	18,113
Domestic electricity charge	12,130	12,009
Interest	11,764	5,701
Other	10,283	5,555
	2,101,970	2,086,442
Expenditures		
Amortization	658,012	617,123
Salaries and benefits	423,820	389,227
Maintenance	344,849	216,641
Interest on long-term debt	259,700	282,827
Utilities	253,370	243,948
Housekeeping services	225,227	225,227
Laundry and linen	147,075	156,719
Minor equipment	112,016	95,954
Municipal taxes	44,160	55,181
Snow clearing	34,491	19,242
Administration	26,513	26,076
Other supplies	22,620	23,440
Insurance	9,615	9,615
Security	6,667	5,898
Professional fees	4,950	2,226
Computer services	2,454	2,454
	2,575,539	2,371,798
Deficiency of revenue over expenditures before undernoted items	(473,569)	(285,356)
Transfer from subsidy surplus fund	-	2,020
Transfer from replacement reserve fund	139,910	109,569
Deficiency of revenue over expenditures	(333,659)	(173,767)

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Statement of Changes in Fund Balances

Year Ended March 31, 2011

	2011			2010
	Unrestricted net assets	**Investment in capital assets**	**Total**	Total
	$		**$**	**$**
Balance, beginning of year	**(1,179,962)**	**808,711**	**(371,251)**	(197,484)
Deficiency of revenue over expenditures	**(333,659)**	-	**(333,659)**	(173,767)
Balance, end of year	**(1,513,621)**	**808,711**	**(704,910)**	(371,251)

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Statement of Financial Position

March 31, 2011

	2011	2010
	$	$
Assets		
Current assets		
Cash and cash equivalents	**614,712**	844,498
Accounts receivable	**20,254**	20,189
Due from Newfoundland & Labrador Housing Corporation (Note 6)	**19,748**	11,391
Prepaid expenses	**33,730**	27,516
	688,444	903,594
Capital assets (Note 4)	**8,868,272**	9,443,864
Replacement reserve fund (Note 5)	**687,195**	827,105
	10,243,911	11,174,563
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**47,032**	100,014
Due to Eastern Regional Health Authority	**2,080,400**	1,869,560
Due to Newfoundland & Labrador Housing Corporation (Note 6)	**24,366**	32,679
Current portion of severance pay	**14,361**	22,060
Current portion of long-term debt (Note 7)	**2,934,157**	548,937
	5,100,316	2,573,250
Long-term debt (Note 7)	**4,012,917**	6,946,777
Deferred capital contributions (Note 9)	**1,112,490**	1,139,442
Accrued severance pay	**35,903**	59,240
Replacement reserve fund (Note 5)	**687,195**	827,105
	10,948,821	11,545,814
Net assets (deficiency)		
Unrestricted	**(1,513,621)**	(1,179,962)
Investment in capital assets	**808,711**	808,711
	(704,910)	(371,251)
	10,243,911	11,174,563

Approved by the Board

Director

Director

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Statement of Cash Flows

Year Ended March 31, 2011

	2011	2010
	$	$
Operating activities		
Deficiency of revenue over expenditures	(333,659)	(173,767)
Adjustments for:		
Amortization of capital assets	658,012	617,123
Amortization of deferred capital contributions	(109,372)	(90,000)
(Decrease) increase in severance pay accrual	(31,036)	4,321
Changes in non-cash operating working capital (Note 10)	134,909	198,997
	318,854	556,674
Investing activity		
Purchase of capital assets	(82,420)	(14,442)
Financing activities		
Repayment of long-term debt	(548,640)	(527,123)
Capital asset contributions	82,420	14,442
	(466,220)	(512,681)
Net (decrease) increase in cash resources	(229,786)	29,551
Cash and cash equivalents, beginning of year	844,498	814,947
Cash and cash equivalents, end of year	614,712	844,498

Supplementary disclosure of cash flow information:		
Interest paid	259,700	282,827

1. NATURE OF OPERATIONS

The cottage and hostel operation of Eastern Regional Health Authority ("Cottages and Hostels") consists of the following.

Cottages
- Lions Manor Inc.
- TCRHB Housing Complex Inc.
- Golden Heights Manor Cottages
- Blue Crest Cottages

Hostels
- General Hospital Hostel Association – Agnes Cowan Hostel
- Northwest Rotary – Janeway Hostel Corporation

Cottages

Lions Manor Inc.

Lions Manor Inc. was established to provide housing accommodations to senior citizens in Placentia and the surrounding area.

TCRHB Housing Complex Inc.

TCRHB Housing Complex Inc. was established to provide housing accommodations for senior citizens in Old Perlican and the surrounding area.

Golden Heights Manor Cottages

Golden Heights Manor Cottages was established to provide housing accommodations for senior citizens in Bonavista and the surrounding area.

Blue Crest Cottages

Blue Crest Cottages was established to provide housing accommodations for senior citizens in Grand Bank and the surrounding area.

Each of the above noted cottages is exempt from federal and provincial income tax in accordance with the Income Tax Act.

Hostels

The General Hospital Hostel Association was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients in St. John's and the surrounding area. On June 28, 2002 the Hostel assumed responsibility for the services of the Northwest Rotary - Janeway Hostel Corporation.

1. NATURE OF OPERATIONS (Continued)

Hostels (continued)

The General Hospital Hostel Association is incorporated under the Corporations Act of Newfoundland and is a registered charity under the Income Tax Act. The Northwest Rotary – Janeway Hostel Corporation was dissolved as a corporation in October 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cottages and Hostels have elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Cottages and Hostels for the year ended March 31, 2011. The Cottages and Hostels apply the requirements of Section 3861 of the CICA Handbook.

Basis of accounting

The financial statements have been prepared in accordance with significant accounting policies set out below to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation ("NLHC"). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles for not-for-profit organizations because amortization is not provided on the buildings over the estimated useful life of the assets, but rather at a rate equal to the annual principal reduction of the related mortgage.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Capital assets

Capital assets are recorded at cost. Amortization on the buildings and land improvements is recorded in a prorated amount equal to the reduction in the related mortgage principal in the fiscal year. Amortization is recorded on equipment on a declining balance basis using a rate of 20%.

Impairment of assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of any impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Capital contributions

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis as the related capital assets are amortized. Capital contributions on non-depreciable capital assets are recorded as direct increases in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenues are recognized as earned if the amount to be received can be reasonably estimated and when collection is reasonably assured.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels for employees who have a vested right to receive such a payment. No provision for severance pay is recorded for any employees who have less than nine years of service. Severance is payable when the employee ceases employment with the Cottages and Hostels.

Pension costs

Employees of the Cottages and Hostels are members of the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador (the "Government"). Contributions to the plans are required from both the employees and the Cottages and Hostels. The annual contributions for pensions are recognized as a current expenditure in the accounts and amounted to $20,107 for the year ended March 31, 2011 (2010 - $18,489).

Financial instruments

Financial assets and liabilities are classified according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. The fair value of a financial instrument is the estimated amount that would be received or would be paid to terminate the instrument's agreement at the reporting date. Various market value data and other valuation techniques are used as appropriate to estimate the fair value of each type of financial instrument.

Financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable due from NLHC	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities, due to Eastern Regional Health Authority and due to NLHC	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

In preparing the Cottages and Hostels financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ materially from these estimates.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

The CICA has issued a new accounting framework applicable to not-for-profit organizations. Effective for fiscal years beginning on January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards ("IFRS") and the accounting standards for not-for-profit organizations with accounting standards for private enterprises as the underlying framework, whichever suits them best. The Cottages and Hostels currently plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning on April 1, 2012; however, the impact of this transition has not yet been determined.

4. CAPITAL ASSETS

	2011			2010
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
	$	**$**	**$**	**$**
Land	**262,365**	-	**262,365**	262,365
Land improvements	**131,300**	**61,359**	**69,941**	76,397
Buildings and renovations	**14,543,254**	**6,296,169**	**8,247,085**	8,877,170
Furniture and equipment	**816,128**	**527,247**	**288,881**	213,490
Construction in progress	-	-	-	14,442
	15,753,047	**6,884,775**	**8,868,272**	9,443,864

5. REPLACEMENT RESERVE FUND

These funds have been set aside to fund the balance of reserves required under agreements with NLHC as described in Note 8. The use of these funds is restricted to the purchase of items approved by NLHC.

	2011 $	2010 $
Balance, beginning of year	827,105	936,674
Allocation from earnings	14,850	14,850
Interest income	2,953	1,147
Approved expenditures for the year	(157,713)	(125,566)
Balance, end of year	687,195	827,105

6. DUE (TO) FROM NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2011 $	2010 $
Due from NLHC	19,748	11,391
Due to NLHC	(24,366)	(32,679)
	(4,618)	(21,288)

	2011 $	2010 $
Balance, beginning of year	(32,679)	(13,262)
Net subsidy for the year	82,611	83,998
Payments received	(177,377)	(180,677)
Repayments	103,079	77,262
Balance, end of year	(24,366)	(32,679)

7. LONG-TERM DEBT

	2011 $	2010 $
General Hospital Hostel Association		
Royal Bank of Canada 5.02% promissory note on land, building and equipment, with a net book value of $2,177,917, renewable on June 1, 2011, amortized to May 24, 2021, payable in blended monthly instalments of $7,447.	**712,996**	765,247
NLHC 4.31% first mortgage on land, building and equipment, with a net book value of $2,177,917, renewable on March 1, 2012, amortized to April 1, 2019, payable in blended monthly instalments of $13,455.	**1,102,358**	1,214,094
Eastern Regional Health Authority, prime minus 1.75% loan, secured by land and building with a net book value of $3,054,350, maturing April 1, 2023, amortized to April 1, 2023, payable in blended monthly instalments of $12,647.	**1,617,289**	1,735,562
Northwest Rotary - Janeway Hostel Corporation		
NLHC 3.16% first mortgage on land and building, with a net book value of $766,164, secured by an assignment of rents and leases, renewable on June 1, 2013, amortized to April 1, 2018, payable in blended monthly instalments of $7,743.	**589,315**	662,459
Lion's Manor Inc.		
NLHC 4.31% first mortgage on land and building, with a net book value of $1,297,779, renewable on April 2012, amortized to October 2023, repayable in blended monthly instalments of $7,011.	**817,831**	865,897
NLHC 4.31% first mortgage on land and building, with a net book value of $1,297,779, renewable on April 2012, amortized to December 2026, repayable in blended monthly instalments of $3,517.	**483,137**	504,199
TCRHB Housing Complex Inc.		
NLHC 4.31% first mortgage on land and building, with a net book value of $362,119, renewable on April 2012, amortized to December 2027, repayable in blended monthly instalments of $2,428.	**348,180**	362,118

7. LONG-TERM DEBT (Continued)

	2011	2010
	$	$
Golden Heights Manor Cottages		
NLHC 2.61% first mortgage on land and building with a net book value of $473,276, chattel mortgage on equipment and an assignment of rents, renewable on September 1, 2014, amortized to July 1, 2019, repayable in blended monthly instalments of $5,497.	493,834	546,233
Blue Crest Cottages		
NLHC 4.59% first mortgage on land and building with a net book value of $739,352, renewable on August 1, 2011 amortized to May 1, 2021, repayable in blended monthly instalments of $3,521.	343,366	369,345
NLHC 4.16% second mortgage on land and building, with a net book value of $739,352, renewable on December 1, 2011, amortized to December 1, 2021, repayable in blended monthly instalments of $4,218.	438,768	470,560
	6,947,074	7,495,714
Less: Current portion	2,934,157	548,937
	4,012,917	6,946,777

The principal repayments of long-term debt for the next five years and thereafter are as follows:

	$
2012	2,934,157
2013	589,239
2014	609,600
2015	632,805
2016	655,887
Thereafter	1,525,386

8. AGREEMENT WITH NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

Effective June 2, 1997 NLHC assumed responsibility for agreements previously administered by Canada Mortgage and Housing Corporation ("CMHC").

8. AGREEMENT WITH NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION (Continued)

With respect to the NLHC mortgages disclosed in Note 7, Cottages and Hostels' has entered into an agreement for mortgage interest subsidization with NLHC. Under the agreement, Cottages and Hostels is also required to fund $14,850 per year for capital replacement, with the funds including accrued interest, to be deposited in either Government of Canada Bonds or a separate savings account. Cottages and Hostels is in compliance with this requirement.

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include capital grants from Eastern Health, Department of Health and Community Services and restricted contributions received from NLHC for the purchase of capital assets. These contributions are deferred and amortized on a straight-line basis at a rate consistent with the amortization rate for the related asset purchased.

The changes in the deferred capital contributions balance for the year are as follows:

	2011	2010
	$	$
Balance, beginning of the year	1,139,442	1,215,000
Grants received	96,862	14,442
Amortization	(123,814)	(90,000)
Balance, end of the year	1,112,490	1,139,442

10. CHANGES TO NON-CASH OPERATING WORKING CAPITAL

	2011	2010
	$	$
Change in non-cash operating working capital		
Accounts receivable	(65)	14,053
Due (to) from Newfoundland & Labrador Housing Corporation	(16,670)	8,834
Prepaid expenses	(6,214)	7,317
Accounts payable and accrued liabilities	(52,982)	(18,934)
Due to Eastern Regional Health Authority	210,840	187,727
	134,909	198,997

11. RELATED PARTY TRANSACTIONS

The Cottages and Hostels' received $113,880 (2010 - $113,880) in rental revenue from Eastern Regional Health Authority ("Eastern Health").

Expenditures included $633,900 (2010 - $610,605) paid to Eastern Health for loan interest, administration fees, computer services, laundry services, maintenance and security services, insurance and miscellaneous expenses.

12. CAPITAL MANAGEMENT

The capital structure of the Cottages and Hostels' consists of its fund balances and long-term debt. The Cottages and Hostels' objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Cottages and Hostels is not subject to externally imposed capital requirements except for NLHC reserve requirements.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Cottages and Hostels has exposure to credit risk, interest rate risk and liquidity risk. The Eastern Regional Health Authority Board of Trustees has overall responsibility for the oversight of these risks and reviews the Cottages and Hostels policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligation. The Cottages and Hostels credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Cottages and Hostels will not be able to meet its financial obligations as they become due. As at March 31, 2011, the Cottages and Hostels had cash of $614,712.

To the extent that the Cottages and Hostels does not believe they have sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding or the Government, assuming these could be obtained.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and price risk will affect the Cottages and Hostels operations or the value of its financial instruments. The Cottages and Hostels is not subject to foreign exchange or price risk.

i. Interest rate risk

Long-term debt, with the exception of the debt payable to Eastern Regional Health Authority, bears a fixed interest rate and, consequently, the Cottages and Hostels cash flow exposure is not significant. Debt payable to Eastern Regional Health Authority bears interest at variable interest rates. Consequently, cash flow exposure exists but is not considered significant by management.

Fair value

The fair value of the Cottages and Hostels short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

Information concerning the fair value of long-term debt is presently not available.

Schedule 1

FUNDS OF EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS
Schedule of Revenue and Expenditures for Newfoundland and Labrador Housing Corporation
Year Ended March 31, 2011

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2011	Total 2010
	$	$	$	$	$	$	$	$
Revenue								
Rentals	1,209,102	-	169,704	30,348	101,032	125,740	1,635,926	1,731,668
Rental assistance subsidy	43,482	19,031	64,503	18,107	22,516	29,375	197,014	201,126
Amortization of deferred capital contributions	109,372	-	-	-	-	-	109,372	90,000
Special funding	-	-	104,731	1,944	-	-	106,675	22,270
Laundry charge	13,066	-	4,780	960	-	-	18,806	18,113
Domestic electricity charge	-	-	10,090	2,040	-	-	12,130	12,009
Interest	8,036	1,921	1,591	216	-	-	11,764	5,701
Other	10,283	-	-	-	-	-	10,283	5,555
	1,393,341	20,952	355,399	53,615	123,548	155,115	2,101,970	2,086,442
Expenditures								
Amortization	391,632	73,144	69,128	13,938	52,399	57,771	658,012	617,123
Salaries and benefits	395,322	-	-	-	28,498	-	423,820	389,227
Interest on long-term debt	119,516	19,575	57,094	15,188	13,450	34,877	259,700	282,827
Utilities	91,571	23,042	61,313	12,250	29,998	35,196	253,370	243,948
Housekeeping services	225,227	-	-	-	-	-	225,227	225,227
Maintenance	121,072	430	190,276	4,992	14,385	13,694	344,849	216,641
Laundry and linen	147,075	-	-	-	-	-	147,075	156,719
Minor equipment	112,016	-	-	-	-	-	112,016	95,954
Municipal taxes	-	-	18,466	3,271	7,200	15,223	44,160	55,181
Administration	14,323	-	10,670	1,520	-	-	26,513	26,076
Other supplies	21,010	104	773	1,182	336	(785)	22,620	23,440
Snow clearing	-	-	-	-	25,565	8,926	34,491	19,242
Insurance	1,715	-	1,700	1,200	2,500	2,500	9,615	9,615
Security	-	6,667	-	-	-	-	6,667	5,898
Computer services	2,454	-	-	-	-	-	2,454	2,454
Professional fees	825	825	825	825	825	825	4,950	2,226
	1,643,758	123,787	410,245	54,366	175,156	168,227	2,575,539	2,371,798
Deficiency of revenue over expenditures before undernoted items	(250,417)	(102,835)	(54,846)	(751)	(51,608)	(13,112)	(473,569)	(285,356)
Transfer from subsidy surplus fund	-	-	-	-	-	-	-	2,020
Transfer from replacement reserve fund	73,881	-	54,846	751	4,992	5,440	139,910	109,569
Deficiency of revenue over expenditures	(176,536)	(102,835)	-	-	(46,616)	(7,672)	(333,659)	(173,767)

Schedule 2

FUNDS OF EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS
Schedule of Financial Position for Newfoundland and Labrador Housing Corporation
March 31, 2011

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2011	Total 2010
	$	$	$	$	$	$	$	$
Assets								
Current assets								
Cash and cash equivalents	432,700	7,652	76,485	34,887	29,110	33,878	614,712	844,498
Accounts receivable	19,028	-	466	760	-	-	20,254	20,189
Due from Newfoundland & Labrador Housing Corporation	-	-	19,748	-	-	-	19,748	11,391
Prepaid expenses	-	-	14,460	2,452	5,400	11,418	33,730	27,516
	451,728	7,652	111,159	38,099	34,510	45,296	688,444	903,594
Capital assets	4,937,497	986,636	1,319,990	348,181	493,834	782,134	8,868,272	9,443,864
Replacement reserve fund	109,432	160,477	289,215	46,131	64,954	16,986	687,195	827,105
	5,498,657	1,154,765	1,720,364	432,411	593,298	844,416	10,243,911	11,174,563
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	27,553	2,366	5,593	2,099	1,892	7,529	47,032	100,014
Due to Eastern Regional Health Authority	101,508	1,428,216	84,832	32,368	266,600	166,876	2,080,400	1,869,560
Due to Newfoundland & Labrador Housing Corporation	-	-	20,733	3,633	-	-	24,366	32,679
Current portion of severance pay	14,361	-	-	-	-	-	14,361	22,060
Current portion of long-term debt	1,936,040	75,489	72,162	14,549	53,783	782,134	2,934,157	548,937
	2,079,462	1,506,071	183,320	52,649	322,275	956,539	5,100,316	2,573,250
Long-term debt	1,496,603	513,826	1,228,806	333,631	440,051	-	4,012,917	6,946,777
Deferred capital contributions	1,112,490	-	-	-	-	-	1,112,490	1,139,442
Accrued severance pay	35,903	-	-	-	-	-	35,903	59,240
Replacement reserve fund	109,432	160,477	289,215	46,131	64,954	16,986	687,195	827,105
	4,833,890	2,180,374	1,701,341	432,411	827,280	973,525	10,948,821	11,545,814
Net assets (deficiency)								
Unrestricted	272,400	(1,422,930)	-	-	(233,982)	(129,109)	(1,513,621)	(1,179,962)
Investment in capital assets	392,367	397,321	19,023	-	-	-	808,711	808,711
	664,767	(1,025,609)	19,023	-	(233,982)	(129,109)	(704,910)	(371,251)
	5,498,657	1,154,765	1,720,364	432,411	593,298	844,416	10,243,911	11,174,563

Schedule 3

FUNDS OF EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS
Schedule of Cash Flows for Newfoundland and Labrador Housing Corporation
Year Ended March 31, 2011

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2011	Total 2010
	$	$	$	$	$	$	$	$
Operating activities								
Deficiency of revenue over expenditures	(176,536)	(102,835)	-	-	(46,616)	(7,672)	(333,659)	(173,767)
Adjustments for:								
Amortization of capital assets	391,632	73,144	69,128	13,938	52,399	57,771	658,012	617,123
Amortization of deferred capital contributions	(109,372)	-	-	-	-	-	(109,372)	(90,000)
(Decrease) increase in severance pay accrual	(31,036)	-	-	-	-	-	(31,036)	4,321
Changes in non-cash operating working capital	(33,233)	85,056	47,323	26,913	33,585	(24,735)	134,909	198,997
	41,455	55,365	116,451	40,851	39,368	25,364	318,854	556,674
Investing activity								
Purchase of capital assets	(96,862)	-	12,498	1,944	-	-	(82,420)	(14,442)
Financing activities								
Repayment of long-term debt	(282,260)	(73,144)	(69,128)	(13,938)	(52,399)	(57,771)	(548,640)	(527,123)
Capital asset contributions	96,862	-	(12,498)	(1,944)	-	-	82,420	14,442
	(185,398)	(73,144)	(81,626)	(15,882)	(52,399)	(57,771)	(466,220)	(512,681)
Net (decrease) increase in cash resources	(240,805)	(17,779)	47,323	26,913	(13,031)	(32,407)	(229,786)	29,551
Cash and cash equivalents, beginning of year	673,505	25,431	29,162	7,974	42,141	66,285	844,498	814,947
Cash and cash equivalents, end of year	432,700	7,652	76,485	34,887	29,110	33,878	614,712	844,498

Combined Financial Statements of

EASTERN REGIONAL HEALTH AUTHORITY – OPERATING FUND

March 31, 2011

Deloitte.

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Independent Auditor's Report

To the Board of Trustees of
Eastern Regional Health Authority

We have audited the accompanying financial statements of Eastern Regional Health Authority – Operating Fund which comprise the statement of financial position as at March 31, 2011 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eastern Regional Health Authority – Operating Fund as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
July 13, 2011

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Statement of Operations

Year Ended March 31, 2011
(in thousands of dollars)

	2011	2010
	$	$
Revenue		
Provincial plan	1,175,250	1,084,568
MCP	67,567	55,020
Other	35,678	40,053
Resident	17,714	17,452
Inpatient	9,058	13,303
Outpatient	8,733	8,519
	1,314,000	1,218,915
Expenditures		
Patient and resident services	351,763	332,144
Client services	274,202	243,520
Diagnostic and therapeutic	162,476	149,639
Support	145,794	142,771
Ambulatory care	116,670	113,667
Administration	109,165	106,106
Medical services	93,726	77,149
Other	29,636	23,472
Research and education	17,738	17,366
Interest on long-term debt	9,715	9,866
	1,310,885	1,215,700
Surplus before non-shareable items	3,115	3,215
Adjustments for non-shareable items:		
Amortization of deferred capital contributions	17,961	17,101
Amortization of capital assets	(27,767)	(24,881)
Interest on sinking fund	588	538
Accrued vacation	(3,270)	(6,469)
Accrued severance	(5,676)	(10,569)
Deficiency of revenue over expenditures	(15,049)	(21,065)

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Statement of Changes in Fund Balances

Year Ended March 31, 2011
(in thousands of dollars)

	2011			2010
	Net Investment in Capital Assets	Operating Fund	Total	Total
	$	$	$	$
Balance, beginning of year	50,328	(228,888)	(178,560)	(157,495)
Deficiency of revenue over expenditures	-	(15,049)	(15,049)	(21,065)
Repayment of long-term debt	2,367	(2,367)	-	-
Increase in sinking fund	1,336	(1,336)	-	-
Amortization of deferred capital contributions	17,961	(17,961)	-	-
Amortization of capital assets	(27,767)	27,767	-	-
Balance, end of year	44,225	(237,834)	(193,609)	(178,560)

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Statement of Financial Position

March 31, 2011

(in thousands of dollars)

	2011	2010
	$	$
Assets		
Current assets		
Accounts receivable (Note 5)	116,082	97,228
Supplies inventory	12,832	12,954
Prepaid expenses	7,766	5,645
	136,680	115,827
Deferred charges	-	84
Capital assets (Note 6)	336,589	309,985
General Hospital Hostel Association loan (Note 7)	1,497	1,617
Trust funds	3,891	3,820
	478,657	431,333
Liabilities		
Current liabilities		
Bank indebtedness (Note 8)	11,614	1,047
Accounts payable and accrued liabilities	125,942	111,461
Accrued vacation pay	47,153	43,883
Current portion of long-term debt (Note 9)	2,417	2,370
Current portion of accrued severance pay	8,200	6,004
Deferred revenue - operating	20,008	26,603
Deferred capital grants	52,549	50,353
	267,883	241,721
Long-term debt (Note 9)	130,328	134,078
Accrued severance pay	110,545	107,065
Deferred capital contributions (Note 10)	159,619	123,209
Trust funds	3,891	3,820
	672,266	609,893
Contingencies (Note 12)		
Commitments (Note 13)		
Net deficiency		
Operating fund	(237,834)	(228,888)
Net investment in capital assets	44,225	50,328
	(193,609)	(178,560)
	478,657	431,333

Approved by the Board

Director

Director

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Statement of Cash Flows

Year Ended March 31, 2011
(in thousands of dollars)

	2011 $	2010 $
Operating activities		
Deficiency of revenue over expenditures	(15,049)	(21,065)
Adjustments for:		
Amortization of capital assets	27,767	24,881
Amortization of deferred capital contributions	(17,961)	(17,101)
Increase in severance pay accrual	5,676	10,569
Amortization of deferred charges	84	104
Changes in non-cash operating working capital (Note 11)	(7,501)	(11,303)
	(6,984)	(13,915)
Investing activities		
Construction and purchase of capital assets	(54,371)	(39,550)
Repayment of loan to General Hospital Hostel Association	120	119
	(54,251)	(39,431)
Financing activities		
Capital asset contributions	54,371	39,550
Repayment of long-term debt	(2,367)	(2,468)
Sinking fund payments	(1,336)	(1,286)
Increase in bank indebtedness	10,567	1,047
	61,235	36,843
Net decrease in cash resources	-	(16,503)
Cash, beginning of year	-	16,503
Cash, end of year	-	-
Supplementary disclosure of cash flow information:		
Interest paid	10,461	10,613

1. NATURE OF OPERATIONS

The Eastern Regional Health Authority ("Eastern Health" or "the Authority") is responsible for the governance of health services in the Eastern Region of Newfoundland and Labrador.

The mandate of Eastern Health spans the full health care continuum including primary and secondary level health and community services for the Eastern Region (Avalon, Bonavista and Burin Peninsulas, west to Port Blandford) as well as tertiary and other provincial programs/services for the entire Province. The Authority also has a mandate to work to improve the overall health of the population through its focus on public health as well as on health promotion and prevention initiatives. Services are both community and institutional based. In addition to the provision of comprehensive health care services, Eastern Health also provides education and research in partnership with all stakeholders.

Eastern Health is a registered charity and, while registered, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Authority for the year ended March 31, 2011. The Authority applies the requirements of Section 3861 of the CICA Handbook.

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The more significant accounting policies of the Authority are as follows:

Basis of presentation

These financial statements include the assets, liabilities, revenues, and expenditures of the operating fund and the residents', clients' and patients' trusts.

The Authority administers trust funds on behalf of residents, clients and patients. These funds are the property of the individual residents, clients and patients.

As disclosed in Note 4, there are other entities that, while controlled by Eastern Health, are not consolidated as permitted under CICA Handbook Section 4450 "Reporting controlled and related entities for not-for-profit organizations". Summary financial information for entities that are not consolidated is provided in Note 4.

Fund accounting

The Authority applies fund accounting principles in recording its financial transactions in the operating fund or net investment in capital assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund accounting (continued)

The operating fund contains all the operating assets, liabilities, revenue and expenditures of the Authority related to the provision of health care services. The assets of the operating fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

The net investment in capital assets represents assets purchased for the use of the operating fund.

Revenue recognition

Provincial plan revenues are recognized in the period in which entitlement arises. MCP, inpatient, outpatient and resident revenues are recognized in the period services are provided. Revenue received for a future period is deferred until that future period and is recorded as deferred revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Authority is funded by the Department of Health and Community Services (the "Department") for the total of its operating costs, after the deduction of specified revenue and expenditures, to the extent of the approved budget. The final amount to be received by the Authority for the 2011 fiscal year will not be determined until the Department has completed its review of the Authority's financial statements. Adjustments resulting from the Department's review and final position statements will be considered by the Authority and reflected in the year of assessment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts.

Inventory

Inventory is valued at average cost, determined on a first-in first-out basis.

Capital assets

Capital assets are recorded at cost, although title to certain of these assets is held by the Government of Newfoundland and Labrador (the "Government" or the "Province"). Contributed capital assets are recorded at their estimated fair value at the date of contribution. Minor equipment purchases are charged to operations in the year of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (continued)

Amortization is calculated on the straight-line and declining balance bases at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets less estimated salvage value over the useful life of the assets.

Buildings and improvements	2% - 5%
Equipment	6.5% - 20%
Equipment under capital leases	14.3% - 25%
Land improvements	10% - 20%

Gains and losses on disposal of individual assets are recognized in income in the year of disposal.

Construction in progress is not amortized until the project is substantially complete at which time the project costs are transferred to the appropriate asset class and amortized accordingly.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of any impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair value. Assets acquired under capital leases are amortized on the same basis as other similar capital assets. All other leases are accounted for as operating leases and the payments are expensed.

Capital contributions

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis and using the same rates as the amortization related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement is earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service with the Eastern Health or another public sector employer. Accordingly, no provision has been made for employees who have less than nine years of continual service. Severance is payable when the employee ceases employment with Eastern Health.

Pension costs

Employees of the Authority are members of the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government. Contributions to the Plans are required from both the employees and the Authority. The annual contributions for pensions are recognized as a current expenditure and amounted to $38,745,593 for the year ended March 31, 2011 (2010 - $36,355,178).

Sinking funds

Sinking funds established for the retirement of debentures are held and administered in trust by the Government.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year to assist Eastern Health in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in these financial statements.

Financial instruments

Financial assets and liabilities are classified according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. The fair value of a financial instrument is the estimated amount that received or paid to terminate the instrument's agreement at the reporting date. Various market value data and other valuation techniques are used, as appropriate, to estimate the fair value of each type of financial instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ materially from these estimates.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

The CICA has issued a new accounting framework applicable to Canadian government enterprises. Effective for fiscal years beginning on or after January 1, 2011, government enterprises are required to adopt accounting principles set forth by the Public Sector Accounting Board ("PSAB"). The Authority currently plans to adopt the new accounting standards for government enterprises for its fiscal year beginning April 1, 2011; however, the impact of this transition has not yet been determined.

4. NOT-FOR-PROFIT ENTITIES

The Health Care Foundation of St. John's Inc., Janeway Children's Hospital Foundation, Ever Green Environmental Corporation, Trinity-Conception-Placentia Health Foundation Inc., Burin Peninsula Health Care Foundation Inc., Discovery Health Foundation Inc. and the Dr. H. Bliss Murphy Cancer Care Foundation were formed to support Eastern Health by raising funds for the capital equipment needs of the Authority. The entities are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Authority controls the General Hospital Hostel Association, Northwest Rotary-Janeway Hostel Corporation, Lions Manor Inc., TCRHB Housing Complex Inc., Blue Crest Cottages and Golden Heights Manor Cottages. These entities were established to provide accommodations for family members of patients and housing to senior citizens.

4. NOT-FOR-PROFIT ENTITIES (Continued)

Eastern Health has memoranda of understanding/governance agreements with the following nursing home owner/operators ("homes") in the region:

- Masonic Park – Nursing Home
- Saint Luke's Homes (A Division of Anglican Homes Inc.)
- St. Patrick's Mercy Home
- The Agnes Pratt Home
- The Salvation Army Glenbrook Lodge
- The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador – Clarke's Beach Seniors Citizen's Home

Eastern Health is responsible for policy direction, distribution of operating funds and capital grants, and providing certain services to homes, which are individually controlled entities. Ultimate ownership of assets and liabilities rests with the individual homes or the respective governing bodies.

4. NOT-FOR-PROFIT ENTITIES (Continued)

The above not-for-profit entities have not been consolidated in the Authority's financial statements, however, separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2011 and 2010 and for the years then ended are as follows (in thousands of dollars):

	Foundations		Hostels and Cottages		Nursing Homes	
	2011	2010	**2011**	2010	**2011**	2010
	$	$	$	$	$	$
Financial position						
Total assets	**16,495**	13,869	**10,244**	11,175	**25,309**	24,796
Total liabilities	**5,464**	3,253	**10,949**	11,546	**41,158**	40,281
Total net assets	**11,031**	10,616	**(705)**	(371)	**(15,849)**	(15,485)
	16,495	13,869	**10,244**	11,175	**25,309**	24,796
Results of operations						
Total revenues	**14,887**	14,022	**2,102**	2,086	**60,841**	59,280
Total expenditures	**13,364**	12,224	**2,576**	2,371	**61,206**	59,455
Excess (deficiency) of revenues over expenditures	**1,523**	1,798	**(474)**	(285)	**(365)**	(175)
Cash flows						
Cash from operations	**2,307**	887	**319**	557	**924**	1,050
Cash used in financing and investing activities	**(2,925)**	(1,322)	**(549)**	(527)	**(926)**	(906)
Increase (decrease) in cash	**(618)**	(435)	**(230)**	30	**(2)**	144

5. ACCOUNTS RECEIVABLE

	2011	2010
	$	$
Government of Newfoundland and Labrador	**65,541**	60,199
Services to patients, residents and clients	**16,072**	14,597
Other	**34,469**	22,432
	116,082	97,228

6. CAPITAL ASSETS

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land and land improvements	2,810	492	2,318	2,337
Buildings and improvements	341,232	134,918	206,314	209,271
Equipment	409,515	323,591	85,924	70,614
Equipment under capital leases	15,445	14,786	659	827
Construction in progress	41,374	-	41,374	26,936
	810,376	473,787	336,589	309,985

7. GENERAL HOSPITAL HOSTEL ASSOCIATION LOAN

The General Hospital Hostel Association loan is repayable to the Authority in monthly instalments of principal and interest of $12,647 at an interest rate of prime minus 1.75%. The loan matures April 2023, and is presented net of the current portion of $120,650.

8. BANK INDEBTEDNESS

The Authority has access to lines of credit totaling $64,000,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution, of which $56,124,872 was unused as at March 31, 2011 (2010 - $64,000,000). The authority to borrow has been approved by the Province's Minister of Health and Community Services.

9. LONG-TERM DEBT

	2011 $	2010 $
Sinking Fund Debenture, Series HCCI, 6.90%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15.	**130,000**	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan, unsecured, maturing May 2014, payable in blended monthly instalments of $101,670.	**3,508**	4,485
Newfoundland and Labrador Housing Corporation 2.75% mortgage, maturing December 2020, repayable in blended monthly instalments of $18,216, secured by land and building with a net book value of $2,362,000.	**1,869**	2,022
Canadian Imperial Bank of Commerce loan, unsecured, bearing interest at prime lending rate less 0.625 basis points, maturing 2016, repayable in monthly instalments of $21,200 plus interest.	**1,375**	1,630
Royal Bank of Canada (Veterans Pavilion), 4.18% loan, unsecured, maturing April 2013, payable in blended monthly instalments of $55,670.	**1,329**	1,928
Newfoundland and Labrador Housing Corporation 10% mortgage, maturing December 2028, repayable in blended monthly instalments of $8,955, secured by land and building with a net book value of $973,000.	**906**	924
Bank of Montreal 4.96% term loan, unsecured, amortized to December 2014, repayable in blended monthly instalments of $7,070.	**224**	296
Newfoundland and Labrador Housing Corporation 2.40% mortgage, amortized to July 1, 2020, repayable in blended monthly instalments of $1,022, secured by property with a net book value of $2,313,000.	**102**	112

9. LONG-TERM DEBT (Continued)

	2011	2010
	$	$
Canada Mortgage and Hosuing Corporation mortgages on land and buildings with a net book value of $5,757,000:		
8%, on Blue Crest Home; repayable in blended monthly instalments of $7,777, maturing November 2025	811	840
10.5% on Golden Heights Manor, repayable in blended monthly instalments of $7,549, maturing August 2027	719	734
2.65% on Golden Heights Manor, repayable in blended monthly instalments of $20,482, maturing June 2023	2,572	2,740
Bank of Montreal, 3.82% loan repaid during the year.	-	71
	143,415	145,782
Less: Current portion	2,417	2,370
	140,998	143,412
Less: Sinking funds available	10,670	9,334
	130,328	134,078

A sinking fund, established for the retirement of the debenture is held in trust by the Government. The annual principal payment to the sinking fund is $747,500. The interest and mandatory debenture sinking fund payments are guaranteed by the Government.

Annual principal repayments to maturity are as follows:

	$
2012	2,417
2013	2,569
2014	1,946
2015	933
2016	746
Thereafter	132,387

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions, related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related capital asset purchased.

The changes in deferred capital contributions balance for the year are as follows:

	2011	2010
	$	$
Balance, beginning of the year	**123,209**	100,760
Grants received	**54,371**	39,550
Amortization	**(17,961)**	(17,101)
Balance, end of the year	**159,619**	123,209

11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	2011	2010
	$	$
Accounts receivable	**(18,854)**	(18,925)
Supplies inventory	**122**	(5,118)
Prepaid expenses	**(2,121)**	(1,925)
Accounts payable and accrued liabilities	**14,481**	3,334
Accrued vacation pay	**3,270**	6,470
Deferred revenue - operating	**(6,595)**	(11,548)
Deferred capital grants	**2,196**	16,409
	(7,501)	(11,303)

12. CONTINGENCIES

Guarantees

The Authority has guaranteed a first mortgage and a term loan of the General Hospital Hostel Association (the "Association"). The balances outstanding at March 31, 2011 were $1,102,358 (2010 - $1,214,094) and $712,966 (2010 - $765,145), respectively.

In the opinion of management, the Authority will not be called upon to honour these guarantees.

12. CONTINGENCIES (Continued)

Legal claims

A number of claims have been filed against the Authority. An estimate of loss, if any, relative to these matters, is not determinable at this time and no provision has been recorded in the accounts for these matters. In the view of management, the Authority's insurance program adequately addresses the risk of loss in these matters.

13. COMMITMENTS

Operating leases

Under the terms of operating leases related to hospital and office equipment, the Authority is committed to make approximate annual lease payments to March 31, 2016 as follows:

	$
2012	11,927
2013	10,724
2014	10,872
2015	10,084
2016	9,805
	53,412

Energy performance contract

The Authority entered into an energy performance contract on August 11, 1998 for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract was $5,605,094. Lump sum amounts aggregating $1,008,555 have been paid and recorded as deferred charges with the remaining balance of $4,596,439 being financed by the vendor. The deferred charge amount is being amortized at $103,442 annually for 9.75 years, while the payments to the vendor are $56,833 per month over a period of 9.75 years.

As at March 31, 2011 the outstanding balance of the financing through the vendor was $169,342. The Authority's obligation for payment is limited to actual cost savings as the vendor has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved by the Province. The monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are reported as an expense in the Authority's Statement of Operations.

14. RELATED PARTY TRANSACTIONS

Contributions to the Authority during the year are as follows:

	2011	2010
	$	$
Janeway Children's Hospital Foundation	1,771	463
Health Care Foundation of St. John's Inc.	1,765	1,326
Dr. H. Bliss Murphy Cancer Care Foundation	739	2,091
General Hospital Hostel Association	551	562
Trinity-Conception-Placentia Health Foundation	162	13
Golden Heights Manor Cottages	57	22
Discovery Health Care Foundation	52	59
Hoyles Foundation	44	192
Burin Peninsula Health Care Foundation	29	47
Janeway Auxiliary	15	-
Lions Manor Inc.	12	12
Blue Crest Cottages	11	11
TCRHB Housing Complex Inc.	3	3
	5,211	4,801

14. RELATED PARTY TRANSACTIONS (Continued)

At March 31, 2011, the amounts receivable from related parties are as follows:

	2011 $	2010 $
Northwest Rotary - Janeway Hostel Corporation	**1,428**	1,343
Dr. H. Bliss Murphy Cancer Care Foundation	**1,276**	1,895
Janeway Children's Hospital Foundation	**1,231**	441
Ever Green Environmental Corporation	**416**	536
Golden Heights Manor Cottages	**267**	226
Health Care Foundation of St. John's Inc.	**189**	221
Blue Crest Cottages	**167**	190
Trinity-Conception-Placentia Health Foundation	**140**	18
General Hospital Hostel Association	**332**	87
Lions Manor Inc.	**85**	23
TCRHB Housing Complex Inc.	**32**	-
Discovery Health Care Foundation	**7**	43
Burin Peninsula Health Care Foundation	**5**	56
	5,575	5,079

At year end, the amounts due to nursing homes are as follows:

	2011 $	2010 $
St. Patrick's Mercy Home	**1,021**	978
The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador - Clarke's Beach Senior Citizen's Home	**604**	617
The Agnes Pratt Home	**433**	658
Saint Luke's Homes	**407**	499
The Salvation Army Glenbrook Lodge	**329**	238
Masonic Park - Nursing Home	**16**	181
	2,810	3,171

14. RELATED PARTY TRANSACTIONS (Continued)

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fundraising activities to provide operating and capital donations to further the objectives of the Authority.

Transactions between these related parties are measured at their exchange value.

15. CAPITAL MANAGEMENT

The capital structure of the Authority consists of fund balances and long-term debt. The Authority's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Authority is not subject to externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Authority has exposure to credit risk, liquidity risk and interest risk. The Authority's Board of Directors has overall responsibility for the oversight of these risks and reviews the Authority's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Authority's credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. As at March 31, 2011 the Authority was in a bank indebtedness position of $11,614,000 however, the Authority has an authorized credit facility totaling $64,000,000. To the extent that the Authority does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding or the Province, assuming these could be obtained.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and price risk will affect the Authority's operations or the value of its financial instruments. The Authority is not subject to foreign exchange or price risk.

i. Interest risk

Long-term debt principally bears fixed interest rates. The Authority does not consider its cash flow exposure significant.

Fair value

The fair value of the Authority's short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

Information to determine the fair value of long-term debt is presently not available.

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Expenditures for Government Reporting (DHCS)

Year Ended March 31, 2011
(in thousands of dollars)

	2011	2010
	$	$
Patient and resident services		
Acute care	196,852	184,505
Long-term care	135,829	130,908
Other patient and resident services	19,082	16,731
	351,763	332,144
Client services		
Community support programs	148,361	130,279
Health promotion and protection	15,057	14,701
Mental health and addictions	12,012	10,695
Family support programs	9,893	8,229
	185,323	163,904
Diagnostic and therapeutic		
Other diagnostic and therapeutic	73,918	67,838
Clinical laboratory	46,385	41,855
Diagnostic imaging	41,797	39,946
	162,100	149,639
Support		
Facilities management	50,531	51,090
Food services	29,567	28,265
Other support	28,314	27,651
Housekeeping	28,069	26,850
Laundry and linen	9,313	8,915
	145,794	142,771
Ambulatory care		
Outpatient clinics	70,146	69,858
Emergency	27,061	26,151
Dialysis	14,804	13,159
Other ambulatory	4,659	4,499
	116,670	113,667

Schedule 1A (continued)

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Expenditures for Government Reporting (DHCS)

Year Ended March 31, 2011
(in thousands of dollars)

	2011	2010
	$	$
Administration		
Other administrative	35,970	33,132
Materials management	19,233	17,636
Executive offices	14,866	12,915
Systems support	14,620	13,421
Human resources	13,125	13,136
Finance and budgeting	10,353	9,442
Emergency preparedness	974	6,424
	109,141	106,106
Medical services		
Physician services	78,287	61,796
Interns and residents	15,439	15,353
	93,726	77,149
Other		
Undistributed	29,636	23,472
Research and education		
Research	14,898	14,448
Education	2,840	2,918
	17,738	17,366
Interest on long-term debt		
Interest on long-term debt	9,715	9,866
Total shareable expenditures	1,221,606	1,136,084

Schedule 1B

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Expenditures for Government Reporting (CYFS)

Year Ended March 31, 2011
(in thousands of dollars)

	2011	2010
	$	$
Client services		
Family support programs	82,554	72,983
Community youth corrections	4,254	4,464
Health promotion and protection	2,016	1,968
Mental health and addictions	55	201
	88,879	79,616
Diagnostic and therapeutic		
Other diagnostic and therapeutic	376	-
Administration		
Other administrative	24	-
Total shareable expenditures	89,279	79,616

Schedule 2A

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Revenue and Expenditures for Government Reporting (DHCS)

Year Ended March 31, 2011

(in thousands of dollars)

	2011	2010
	$	$
Revenue		
Provincial plan	1,085,892	1,007,022
MCP	67,567	55,020
Other	33,841	39,951
Resident	17,714	17,452
Inpatient	9,058	13,303
Outpatient	8,733	8,519
	1,222,805	1,141,267
Expenditures		
Compensation		
Salaries	655,038	611,230
Employee benefits	106,005	100,146
	761,043	711,376
Supplies		
Other	223,473	216,566
Medical and surgical	54,583	52,043
Drugs	41,460	37,577
Plant operations and maintenance	18,464	17,112
	337,980	323,298
Direct client costs		
Community support	108,184	87,766
Family support	4,436	3,668
Mental health and addictions	248	110
	112,868	91,544

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Revenue and Expenditures for Government Reporting (DHCS)

Year Ended March 31, 2011
(in thousands of dollars)

	2011	2010
	$	$
Long-term debt		
Long-term debt - interest	9,715	9,866
Long-term debt - principal	3,115	3,215
	12,830	13,081
	1,224,721	1,139,299
Surplus for government reporting	(1,916)	1,968
Long-term debt - principal	3,115	3,215
Surplus before non-shareable items	1,199	5,183
Adjustments for non-shareable items:		
Amortization of deferred capital contributions	17,880	17,101
Amortization of capital assets	(27,699)	(24,830)
Interest on sinking fund	588	538
Accrued vacation	(3,270)	(6,469)
Accrued severance	(5,373)	(10,569)
	(17,874)	(24,229)
Deficiency of revenue over expenditures	(16,675)	(19,046)

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Revenue and Expenditures for Government Reporting (CYFS)

Year Ended March 31, 2011
(in thousands of dollars)

	2011	2010
	$	$
Revenue		
Provincial plan	89,358	77,546
Other	1,837	102
	91,195	77,648
Expenditures		
Compensation		
Salaries	23,722	21,068
Employee benefits	3,763	3,362
	27,485	24,430
Supplies		
Other	3	-
Direct client costs		
Family support	57,332	50,543
Mental health and addictions	4	4
Health promotion	2,016	1,968
Community youth corrections	2,439	2,671
	61,791	55,186
	89,279	79,616
Surplus for government reporting, before non-shareable items	1,916	(1,968)
Adjustments for non-shareable items:		
Amortization of deferred capital contributions	81	-
Amortization of capital assets	(68)	(51)
Accrued severance	(303)	-
	(290)	(51)
Excess (deficiency) of revenue over expenditures	1,626	(2,019)

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Capital Transactions Funding and Expenditure for Government Reporting

Year Ended March 31, 2011
(in thousands of dollars)

	2011 $	2010 $
Revenue		
Provincial plan	40,554	49,464
Deferred grants previous year	50,353	33,944
Foundations and auxiliaries	3,789	3,747
Transfer from operations	12,191	4,531
Transfer to other regions	(572)	(2,655)
Other	605	872
Deferred grant current year	(52,549)	(50,353)
	54,371	39,550
Expenditures		
Equipment	34,908	19,678
Construction in progress	14,747	19,872
Buildings	4,267	-
Vehicles	449	-
	54,371	39,550
Surplus on capital transactions	-	-

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Accumulated Operating Deficit for Government Reporting

March 31, 2011

(in thousands of dollars)

	2011	2010
	$	$
Assets		
Current assets		
Accounts receivable	116,082	97,228
Supplies inventory	12,832	12,954
Prepaid expenses	7,766	5,645
	136,680	115,827
Deferred charges	-	84
General Hospital Hostel Association loan	1,497	1,617
	138,177	117,528
Liabilities		
Current liabilities		
Bank indebtedness	11,614	1,047
Accounts payable and accrued liabilities	125,942	111,461
Deferred revenue - operating	20,008	26,603
Deferred capital grant	52,549	50,353
	210,113	189,464
Accumulated deficit for government reporting	(71,936)	(71,936)

EASTERN SCHOOL DISTRICT

AUDITOR'S REPORT

NON-CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

BYRON
SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

YRON D. SMITH, B. Comm., C.F.E., C.A.

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AUDITOR'S REPORT

To the Board Members of:
Eastern School District

I have audited the non-consolidated - statement of financial position of the current and capital funds of the Eastern School District as at June 30, 2010 and the related non-consolidated - statement of operations, non-consolidated statement of cash flows and non-consolidated - statement of changes in capital fund for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to Teachers' Severance Pay is described in Note 2. Canadian generally accepted accounting principles require that all accounts receivable should be recorded and disclosed on the financial statements. The liability for Teachers' Severance Pay has been recorded but no offsetting receivable has been recorded. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the accounts receivable were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for accounts receivable, revenue, and district equity would be necessary.

In my opinion, except for the effects of the failure to record accounts receivable as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2010 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

August 27, 2010
Spaniard's Bay, NL

Byron Smith
CHARTERED ACCOUNTANT

Eastern School District
Non-Consolidated - Statement of Financial Position

As At June 30, 2010	2010	2009
Assets		
Current		
Cash (Supp. Info. 1)	$ 12,449,803	$ 12,549,478
Short-term investments (Supp. Info. 2)	875,628	873,551
Accounts receivable (Note 4)	2,346,068	3,642,381
Receivable - teachers' vacation pay (Note 5)	36,366,539	33,730,795
Prepaid expenses (Supp. Info. 3)	660,108	516,558
	52,698,146	51,312,763
Cash restricted (Note 1)	5,251,597	5,030,000
Property, plant and equipment (Schedule 7 and Note 1)	227,847,530	177,145,179
	$285,797,273	$233,487,942
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 12,418,588	$ 14,409,966
Teachers' vacation pay (Note 5)	36,366,539	33,730,795
Current maturities (Schedule 8B)	648,884	684,841
Current portion of obligation under capital lease (Note 10)	834,802	817,060
	50,268,813	49,642,662
Long-term debt (Schedule 8)	1,779,335	2,560,359
Obligation under capital lease (Note 10)	1,554,596	2,287,937
Teachers' severance pay benefits (Note 2 and 16)	60,270,499	56,270,939
Other employee severance pay accrual (Note 1)	5,251,597	5,030,000
Other employee benefits (Note 8)	405,128	438,597
	119,529,968	116,230,494
District Equity		
Investment in capital assets (Note 9)	227,729,988	175,459,520
District deficiency (Note 16)	(61,462,683)	(58,202,072)
	166,267,305	117,257,448
	$285,797,273	$233,487,942

Contingent Liabilities (Note 14)

On Behalf of the Board:

______________________ Chairperson

______________________ Treasurer

See accompanying notes to financial statements.

Eastern School District
Non-Consolidated - Statement of Operations

For the Year Ended June 30, 2010	2010	2009
Current Revenue (Schedule 1)		
Provincial Government grants	$382,250,924	$364,381,774
Ancillary services	105,679	118,605
Miscellaneous	161,656	627,337
	382,518,259	365,127,716
Current Expenditures		
Administration (Schedule 2)	7,609,906	6,700,056
Instruction (Schedule 3)	313,496,027	297,470,927
Operations and maintenance (Schedule 4)	36,587,626	36,509,189
Pupil transportation (Schedule 5)	22,260,828	21,876,953
Ancillary services (Schedule 6)	65,620	69,074
Interest (Schedule 8C)	164,045	237,913
Miscellaneous (Schedule 6)	176,943	171,628
	380,360,995	363,035,740
Excess of revenue over expenditures before undernoted items	2,157,264	2,091,976
Amortization of capital assets (Schedule 7 and Note 1)	(14,673,442)	(15,046,467)
Transfer to capital	13,255,127	13,366,223
Excess of revenue over expenditures before teachers' severance	738,949	411,732
Net change in teachers' severance liability (Note 2)	(3,999,560)	(4,357,944)
Excess of (expenditures over revenue) revenue over expenditures	$ (3,260,611)	$ (3,946,212)

District deficiency, beginning of the year	$ (58,202,072)	$ (54,255,860)
Excess of (expenditures over revenue) revenue over expenditures	(3,260,611)	(3,946,212)
District deficiency, end of the year	$(61,462,683)	$(58,202,072)

See accompanying notes to financial statements.

Eastern School District
Non-Consolidated - Statement of Cash Flows

For the Year Ended June 30, 2010	2010	2009
OPERATING ACTIVITIES		
Excess of (expenditures over revenue) revenue over expenditures	$ (3,260,611)	$ (3,946,212)
Items not affecting cash:		
Amortization of property, plant and equipment	14,673,442	15,046,467
Amortization of energy retrofit	35,137	67,353
Adjustment on disposal of certain capital assets	130,892	
Severance pay accrual	221,597	390,454
Teacher's severance liability	3,999,560	4,357,944
Other employee benefits liability	(33,469)	(31,611)
Short term investments	(2,077)	15,313
Accounts receivable	1,296,314	863,521
Prepaid expenses	(143,550)	12,918
Accounts payable and accrued liabilities	(1,991,378)	2,678,736
	14,925,857	19,454,883
INVESTING ACTIVITIES		
Capital expenditures - net	(65,633,703)	(25,909,438)
Proceeds on disposal of capital assets	91,880	
Change in investment in capital assets (Note 9)	52,270,468	12,441,064
	(13,271,355)	(13,468,374)
FINANCING ACTIVITIES		
Proceeds from obligation under capital lease	146,900	145,702
Repayment of obligation under capital lease	(862,499)	(813,550)
Repayment of long-term debt	(816,981)	(910,258)
	(1,532,580)	(1,578,106)
Change in cash resources	121,922	4,408,403
Cash, beginning of the year	17,579,478	13,171,075
Cash , end of the year	$ 17,701,400	$ 17,579,478
Consists of:		
Cash	$ 12,449,803	$ 12,549,478
Cash - restricted	5,251,597	5,030,000
	$ 17,701,400	$ 17,579,478
Supplementary cash flow information:		
Interest paid	$ 164,045	$ 237,913
Interest paid - bussing loans	66,896	99,156
	$ 230,941	$ 337,069

See accompanying notes to financial statements.

Eastern School District
Non-Consolidated - Statement of Changes in Capital Fund

For the Year Ended June 30, 2010	2010	2009
70 Capital receipts		
71 Proceeds from bank loans		
011 School construction		
012 Equipment		
013 Service vehicles		
014 Pupil transportation		
015 Other and capital lease	$ 146,900	$ 145,703
	146,900	145,703
72 EIC grants		
011 School construction and equipment	65,103,971	25,446,236
012 Other - special grants for debt repayment		
	65,103,971	25,446,236
73 Donations		
011 Cash receipts		
012 Non-cash receipts		
013 Restricted use		
74 Sale of capital assets - proceeds		
011 Land and 012 buildings	64,411	
013 Equipment		
014 Service vehicles - insurance proceeds	27,469	
015 Pupil transportation vehicles		
016 Other		
	91,880	
75 Other capital revenues		
011 Interest on capital fund investments		
013 Recoveries of expenditures (Bus Loan Principal)	363,307	361,051
015 Insurance proceeds		
016 Native peoples grants		
017 Miscellaneous		
Gain on sale of capital assets		
Department of Education technology grants		
Cost sharing for technology grants		
	363,307	361,051
76 Transfer from (to) current fund	(13,255,125)	(13,366,223)
Add: Adjustment to residuals and disposals	189,251	2,179,427
Add: Amortization of capital assets - non cash items	14,673,442	12,867,040
	1,607,568	1,680,244
	$ 67,313,626	$ 27,633,234

See accompanying notes to financial statements.

Eastern School District
Non-Consolidated - Statement of Changes in Capital Fund(Cont'd)

For the Year Ended June 30, 2010	2010	2009
80 Capital disbursements		
81 Additions to capital assets		
011 Land and sites	$ 9,841	$ 3,037,425
012 Buildings	65,426,736	22,395,688
013 Furniture and equipment - School	146,900	286,754
014 Furniture and equipment - other	22,421	
015 Service vehicles	27,805	189,569
016 Pupil transportation		
	65,633,703	25,909,436
82 Principal repayment of long-term debt		
011 School construction		
012 Equipment	1,157,364	1,226,128
013 Service vehicles		
014 Energy Performance Contract	522,559	497,670
	1,679,923	1,723,798
83 Miscellaneous disbursements		
013 Other (decrease in capital payables)		
	$ 67,313,626	$ 27,633,234

See accompanying notes to financial statements.

Nature of Operations

The Eastern School District is responsible for the operations and maintenance of all schools in the Eastern portion of the Province of Newfoundland and Labrador. The District was formed August 31, 2004 after the Government of Newfoundland and Labrador dissolved four previous boards known as Vista School District, Burin School District, Avalon West School District, and Avalon East School District.

1. Significant Accounting Policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds. These financial statements include both the current and capital funds on a combined basis.

Common Controlled Entities and Schools (Non-Consolidated)

These financial statements are prepared on a Non-Consolidated basis.

These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled directly by school administration.

The District currently excercises control over corporations known as the Eastern Education Foundation Inc. and Newfoundland International Student Exchange Program Inc.

The net assets of the Eastern Education Foundation Inc. as at December 31, 2009 were $ 192,297 in accordance with the financial statements compiled by the Corporation. These amounts have not been consolidated with the Districts financial statements.

The net assets of the Newfoundland International Student Exchange Program Inc. (NISEP) as at June 30, 2010 are recorded in note 7 (accounts payable) of these financial statements. Net funds generated from this Corporation are to be used for specific purposes and will be recognized as revenue in the District's financial statements when approved by the NISEP Management Committee. The NISEP board has received a directive from the Government of Newfoundland and Labrador to wind up operations.

Revenue

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding is included in revenue on the accrual basis and when the related expenditures have been incurred with the exception of funding for teacher severance pay which is recorded when the severance is paid to employees (see note 2). Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

1. Significant Accounting Policies (Cont'd)

Property, Plant and Equipment

Capital assets assumed by the District on August 31, 2004, as a result of legislation passed pursuant to the *Schools Act, 1997* and the *Education Act*, were recorded based on the Carrying Values shown on the audited financial statements of the predecessor entities.

Tangible capital assets are amortized using the straightline basis over their estimated useful lives, using the following rates:

Buildings	25-60 years
Furniture and equipment	10 years
Service vehicles	5 years
Buses	12 years
Miscellaneous	5 years

Consistent with provincial government accounting policies, the District capitalizes items purchased during the year that are in excess of $15,000.

Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agencies. The amounts recorded in the financial statements represent gross salaries and employee benefits as reported by the Department for the year.

Pension Costs

All permanent employees of the District are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador and, as such, the employer contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

Cash Restricted - Other Employee Severance Pay Accrual

Consistant with government policy, the Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights or, in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

The District records severance pay liability for employees other than teachers and has set aside sufficient funds to satisfy this liability in a separate bank account for this purpose.

Severance pay for teachers is paid directly to employees by the Department of Education.

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

Long-Lived Assets

Long-lived assets are reviewed for impairment upon the occurance of events or changes in circumstances indicating that the value of the assets may not be recoverable.

2. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded the severance pay liability for teachers in the District. The *Schools Act, 1997* specifies that salaries and other compensation for teachers are the responsibility of the Department. The District received written approval from the Minister of Education for the deficit arising from the Department's requirement for the teachers' severance.

The net change in the liability for the year ended is as follows:

	2010	2009
Balance, beginning of the year	$ 56,270,939	$ 51,912,995
Net change for the period	3,999,560	4,357,944
Balance, end of the year	$ 60,270,499	$ 56,270,939

3. Bond Coverage

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees in the amount of $300,000 per occurence.

4. Accounts Receivable

	2010	2009
Current		
11 131 Provincial Government	$ 1,991,594	$ 2,648,847
132 Transportation		
133 Federal Government		
134 Insurance		
138 Interest	9,077	5,022
139 Miscellaneous and travel advances	91,753	337,226
140 Goods and Service Tax Rebate	253,644	651,286
141 Other		
Capital		
11 231 Provincial Gov't -construction grants		
235 Other		
	$ 2,346,068	$ 3,642,381

5. Teachers' Vacation Pay

Pursuant to a directive issued by the Department during the fiscal year 2006, the District recorded the vacation pay liability for teachers in the District. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Accordingly, the District has recorded teachers' vacation pay receivable of $ 36,366,539 at June 30, 2010, (2009 - $ 33,730,795).

6. Bank Indebtedness

The District had an authorized operating demand loan of $4,000,000, bearing interest at Royal Bank prime less 0.65% which was unused as at June 30, 2010 and June 30, 2009. In accordance with the *Schools Act, 1997*, the operating demand loan was supported by a letter of approval to borrow provided by the Minister of Education.

7. Accounts Payable and Accrued Liabilities

	2010	2009
Current		
21 111 Trade payables	$ 3,069,732	$ 4,780,520
112 Accrued liabilities	278,213	290,353
114 Wages	460,154	650,367
115 Payroll deductions	154,441	83,052
117 Deferred grants	4,875,837	5,298,924
118 Other - Specify		
Vacation pay accrual - other employees	2,165,634	1,921,150
Eastern School District Trust Fund	599,227	581,897
Scholarship funds	128,680	124,850
N.I.S.E.P. due to a related corporation	686,670	678,853
Capital		
213 Accrued interest		
218 Other		
	$ 12,418,588	$ 14,409,966

8. Other Employee Benefits

	2010	2009
Unused pre-1985 sick leave	$ 405,128	$ 438,597

The District has recorded the obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985.

9. Investment in Capital Assets

	2010	2009
Investment in capital assets, beginning of the year	$175,459,520	$163,018,456
Add:		
Grants - contributions for capital construction	65,103,971	25,446,236
Proceeds from sale of capital assets		
Gain on sale of capital assets	4,697	
Recoveries of expenditures		
Insurance proceeds - capital	(27,469)	
Capital purchases out of revenue	60,065	317,497
Miscellaneous - E.I.T.F.		
School contributions		
Principal repayment paid with operating grants	1,679,923	1,723,798
	242,280,707	190,505,987
Deduct adjustments:		
Cost of assets disposed		
Land	200,000	
Pupil transportation vehicles		
Other		
Amortization of capital assets	14,673,442	15,046,467
Adjustment to carrying value of certain capital assets	(322,723)	
Doubtful Accounts		
	14,550,719	15,046,467
Investment in capital assets, end of the year	$227,729,988	$175,459,520

10. Obligation Under Capital Leases

The District had entered into a capital lease with Royal Bank of Canada to finance its Energy Performance capital expenditures (EPC). The lease was for $ 5,000,000 for 5 years including a purchase option of $2,750,000 which expired May 2008. During June 2008, the purchase option was refinanced for a period of 5 years with a purchase option of $1.

The District also entered into capital leases with the Royal Bank of Canada for various equipment purchases. The principal balance outstanding as at June 30, 2010 was $711,113 with a purchase option of $1.

Future minimum payments under these capital leases is as follows for the year ending in:

	Risographs	EPC	Copiers & Laptops	Total
2011	$ 94,283	$ 618,564	$ 220,193	$ 933,040
2012	40,495	618,564	220,193	879,252
2013	40,495	567,017	118,911	726,423
2014			27,098	27,098
	175,273	1,804,145	586,395	2,565,813
Less: amount representing interest	10,243	125,921	40,251	176,415
	165,030	1,678,224	546,144	2,389,398
Less: current portion	88,777	548,692	197,333	834,802
	$ 76,253	$ 1,129,532	$ 348,811	$ 1,554,596

Interest has been imputed at a rate of 4.89% for the EPC.
Interest has been imputed at various rates for the other leases.

11. Lease Commitments

The District has entered into a new three year premises lease effective June 1, 2010 for the following annual amounts, before HST: year 1 - $ 644,279: year 2 - $ 666,925 and year 3 - $ 689,571.

Furthermore, the District is committed under the terms of various equipment operating leases to make payments in the next four years approximately as follows:

2011	$ 37,087
2012	$ 37,087
2013	$ 37,087
2014	$ 24,725

12. Financial Instruments

The District's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, employee severance payable, employee benefits payable and long term obligations. It is management's opinion that the District is not exposed to significant interest rate risk, current or credit risks arising from these financial instruments.

The carrying value of the District's financial instruments, with the exception of long-term receivables, approximate fair values due to the short-term maturity and normal credit terms of those instruments. The long-term receivables balance does not approximate fair value as it is non-interest bearing.

13. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

14. Contingent Liabilities

Site restoration and remediation costs associated with school properties under the District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable. Such costs are normally funded by the Province.

The Board has a potential liability for accumulated sick leave to its employees in the amount of $13,188,272. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

15. Comparative Figures

Certain of the 2009 amounts have been reclassified to conform with the financial statement presentation adopted for 2010.

16. District Deficiency

The School District has an accumulated operating deficit of $ 61,462,683, consisting primarily of the teacher's severance pay accrual of $ 60,270,499, as required by the Provincial Government and as explained in notes 1 and 2.

	2010	2009
Deficit per Statement of Financial Position	$ 61,462,683	$ 58,202,072
Less: Teacher's Severance Pay Accrual	(60,270,499)	(56,270,939)
Net Accumulated Operating Deficit	$ 1,192,184	$ 1,931,133

Eastern School District
Schedule 1
Current Revenues

For the Year Ended June 30, 2010	2010	2009
Current Revenues		
32 010 **Provincial Government Grants**		
011 Regular operating grants	$ 56,771,699	$ 56,297,457
016 Special grants		
French immersion		
Official language monitor		
French language recuperation		
Textbook credit allocation		
Communication technology		
Other		
Salaries and benefits		
017 Directors, Assistant Directors and Senior Education Officers	3,249,053	2,356,887
021 Regular teachers	291,671,698	275,960,288
Teachers' severance		
022 Substitute teachers		
Student assistants	8,361,603	7,954,844
030 Pupil transportation		
031 Board owned	3,256,973	3,402,790
032 Contracted	16,233,867	15,817,632
033 Handicapped	2,706,031	2,591,876
	382,250,924	364,381,774
33 010 **Donations**		
012 Cash receipts		
013 Non cash receipts		
014 Restricted use		
34 010 **Ancillary Services**		
011 Revenues from rental of residences		
021 Revenues from rental of Schools and facilities (Net)	105,679	118,605
031 Cafeterias		
032 Other		
	105,679	118,605

Eastern School District
Schedule 1 (Cont'd)
Current Revenues

For the Year Ended June 30, 2010	2010	2009
35 010 **Miscellaneous**		
011 Income on investments and bank	$ 63,896	$ 221,791
012 Bus charters		
021 Recoveries of expenditures		
031 Revenues from other School Districts		
051 Insurance proceeds		
061 Bilingual education revenue		
071 Operating revenue from native peoples grant		
081 Miscellaneous federal grants: Special Projects (Deficit)	(16,147)	32,984
091 Textbooks - net		
092 Other		
Summer and night school fees		
Gain on sale of capital assets		
Technology support initiative		
Sundry	113,907	372,562
093 Grant - MUN		
	161,656	627,337
Total Current Revenues	$382,518,259	$365,127,716

Eastern School District
Schedule 2
Administration Expenditures

For the Year Ended June 30, 2010	**2010**	**2009**
51 Salaries and benefits		
011 Directors, Assistant Directors and Senior Education Officers	$ 3,249,053	$ 2,356,887
012 Board office personnel	2,613,121	2,620,234
013 Office supplies	100,749	99,213
014 Replacement furniture and equipment	19,273	74,923
015 Postage	25,462	33,208
016 Telephone	173,384	175,122
017 Office equipment rentals and repairs	18,028	17,065
018 Bank charges	632	534
019 Electricity	81,605	79,119
023 Repairs and maintenance	11,477	1,871
024 Travel	93,220	98,767
025 Board meeting expenses	132,361	130,502
026 Election expenses	108,795	
027 Professional fees	111,939	162,049
028 Advertising and public relations	68,360	77,579
029 Membership dues	149,148	123,963
031 Municipal service fees	11,450	12,086
032 Rental of office space	621,666	625,071
034 Professional Development and Meetings	20,183	11,863
Total Administration expenditures	$ 7,609,906	$ 6,700,056

Eastern School District
Schedule 3
Instruction Expenditures

For the Year Ended June 30, 2010	2010	2009
52 010 Instructional Salaries		
011 Regular Teachers	$243,976,311	$231,949,757
012 Substitute Teachers	12,236,328	9,793,208
013 Board paid positions	695,668	416,728
014 Augmentation		
015 Employee benefits - teachers	35,459,279	34,236,800
016 School secretaries - salaries and benefits	5,174,486	5,166,271
018 Other		
Co-operative education		
Salaries and benefits - IT	1,188,263	1,075,449
Salaries and benefits - program assistants	65,171	77,267
Salaries and benefits - student assistants	8,361,603	7,954,822
	307,157,109	290,670,302
52 040 Instructional Materials		
041 General supplies	5,307,269	5,384,311
042 Library resource materials	666	5,805
043 Teaching aids	259,822	653,292
044 Textbooks		
045 Other - Special and regional services		
	5,567,757	6,043,408
52 060 Instructional Furniture and Equipment		
061 Replacement	48,510	31,426
062 Rentals and repairs		
063 Salary and benefits - computer technicians		
	48,510	31,426
50 080 Instructional Staff Travel		
080 IT Travel	80,486	78,200
081 Program co-ordinators	456,712	410,748
082 Teachers' travel	36,533	44,082
083 Inservice and conferences	116,570	160,956
	690,301	693,986
52 090 Other Instructional Costs		
091 Postage and stationary	32,350	31,805
Total instruction expenditures	$313,496,027	$297,470,927

Eastern School District
Schedule 4
Operations and Maintenance Expenditures - Schools

For the Year Ended June 30, 2010	2010	2009
53		
Salaries		
011 Janitorial	$ 13,911,002	$ 13,724,896
012 Maintenance	3,155,307	2,295,036
014 Electricity	6,306,880	6,509,608
015 Fuel	1,826,627	1,601,493
016 Municipal service fee	1,120,103	847,937
017 Telephone	1,582,596	1,431,255
018 Vehicle operating and travel	401,368	274,056
019 Janitorial supplies	866,051	812,878
021 Janitorial equipment	73,315	197,060
022 Repairs and maintenance - buildings (Fund 1)	3,859,699	4,091,413
023 Repairs and maintenance - buildings (Fund 2)	1,691,171	3,073,290
024 Equipment maintenance	20,299	31,129
025 Snow clearing	1,773,208	1,619,138
Total operations and maintenance	$ 36,587,626	$ 36,509,189

Eastern School District
Schedule 5
Pupil Transportation Expenditures

For the Year Ended June 30, 2010	**2010**	**2009**
54 010 **Operation and Maintenance of Board Owned Fleet**		
Salaries and Benefits		
011 Administration	$ 135,145	$ 127,062
012 Drivers and Mechanics	1,762,548	1,739,508
013 Payroll Tax	31,695	29,613
014 Debt Repayment- Interest	66,896	99,156
015 Principal	363,307	361,051
017 Gas and oil	386,316	422,567
018 Licenses	30,821	37,213
019 Insurance	33,827	37,905
021 Repairs and Maintenance - Fleet	262,456	312,488
022 Building	18,496	41,863
023 Tires and Tubes	46,099	50,975
024 Heat and Light	8,622	8,589
025 Municipal Service		880
026 Snow Clearing	9,453	6,548
027 Office Supplies	6,264	11,298
028 Rental of buses	9,300	
029 Travel	1,327	5,167
031 Professional Fees	640	
032 Miscellaneous	52,533	59,700
033 Telephone	34,575	51,207
	3,260,320	3,402,790
54 040 **Contracted Services**		
041 Regular transportation	16,156,547	15,758,499
042 Handicapped	2,706,031	2,591,876
047 Salaries	130,012	122,349
048 Travel	6,000	1,439
049 Non funded bus trips	1,918	
Pupil transportation expenditures	$ 22,260,828	$ 21,876,953

Eastern School District
Schedule 6
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30, 2010	2010	2009

Ancillary Services

The Board operates the following ancillary services:

55 Ancillary services	2010	2009
011 Operation of teachers' residences		
031 Cafeterias		
032 Other - environmental education	$ 65,620	$ 69,074
	$ 65,620	$ 69,074

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	2010	2009
57 011 Bad debt expense	$ 159,185	$ 153,135
Special incentive program		
Other miscellaneous expenditures	17,758	18,493
012 Provision for severance pay		
	$ 176,943	$ 171,628

Eastern School District
Schedule 7
Details of Property, Plant and Equipment

For the Year Ended June 30, 2010

	Cost June 30, 2010	Accumulated Amortization 2010	NBV June 30, 2010	NBV June 30, 2009
12 210 Land and Sites	$ 8,071,461		$ 8,071,461	$ 8,261,620
12 220 Buildings				
221 Schools	363,856,336	$ 152,839,465	211,016,871	154,750,934
222 Administration	5,590,942	2,153,978	3,436,964	4,081,209
223 Residential	10,000	1,000	9,000	9,200
224 Recreational				
225 Other	452,854	415,210	37,644	40,772
	369,910,132	155,409,653	214,500,479	158,882,115
12 230 Furniture and Equip.				
231 Schools	31,447,334	28,103,683	3,343,651	6,878,726
232 Administration	3,173,731	3,173,731		431,628
233 Residential	850	819	31	116
234 Recreation				
235 Other	27,648	26,653	995	3,760
	34,649,563	31,304,886	3,344,677	7,314,230
12 240 Vehicles				
241 Service vehicles	646,122	349,620	296,502	401,272
12 250 Pupil Transportation				
251 Land				
252 Building	152,886	26,443	126,443	127,501
Vehicles				
253 Buses	5,030,070	3,602,634	1,427,436	1,851,852
254 Service	59,383	37,115	22,268	29,691
255 Equipment				
256 Other				
	5,242,339	3,666,192	1,576,147	2,009,044
12 260 Misc. Capital Assets				
Computers	894,464	894,464		178,893
Tools	18,163	18,163		3,634
Water lines	29,151	4,856	24,295	25,264
Resource lines				
	941,778	6,717,816	24,295	207,791
Subtotal	419,461,395	191,647,834	227,813,561	177,076,072
Energy retrofit	5,834,303	5,800,333	33,969	69,107
Total Capital Assets	$ 425,295,698	$ 197,448,167	$ 227,847,530	$ 177,145,179

Eastern School District
Schedule 7A
Details of Property, Plant and Equipment - Additions and Disposals

For the Year Ended June 30, 2010

	Cost June 30, 2009	Additions 2010	Disposals 2010	Write down of Impaired Assets 2010	Cost June 30, 2010
12 210 Land and Sites	$ 8,261,620	$ 9,841	$ 200,000	$	$ 8,071,461
12 220 Buildings					
221 Schools	298,429,600	65,426,736			363,856,336
222 Administration	5,590,942				5,590,942
223 Residential	10,000				10,000
224 Recreational					
225 Other	452,854				452,854
	304,483,396	65,426,736			369,910,132
12 230 Furniture and Equip.					
231 Schools	31,278,013	169,321			31,447,334
232 Administration	3,173,731				3,173,731
233 Residential	850				850
234 Recreation					
235 Other	27,648				27,648
	34,480,242	169,321			34,649,563
12 240 Vehicles					
241 Service vehicles	646,782	27,805	28,465		646,122
12 250 Pupil Transportation					
251 Land					
252 Building	152,886				152,886
Vehicles					
253 Buses	5,774,961		744,891		5,030,070
254 Service	59,383				59,383
255 Equipment					
256 Other					
	5,987,230		744,891		5,242,339
12 260 Misc. Capital Assets					
Computers	894,464				894,464
Tools	18,163				18,163
Water lines	29,151				29,151
Resource lines					
	941,778				941,778
Subtotal	354,801,048	65,633,703	973,356		419,461,395
Energy retrofit	5,834,303				5,834,303
Total Capital Assets	$ 360,635,351	$ 65,633,703	$ 973,356	$ NIL	$ 425,295,698

Eastern School District
Schedule 7B
Details of Property, Plant and Equipment - Amortization

For the Year Ended June 30, 2010

	Accumulated Amortization 2009	Amortization 2010	Amortization on disposals 2010	Net Amortization 2010	Accumulated Amortization 2010
12 210 Land and Sites					
12 220 Buildings					
221 Schools	$ 143,678,666	$ 9,160,799		$ 9,160,799	$ 152,839,465
222 Administration	1,509,733	644,245		644,245	2,153,978
223 Residential	800	200		200	1,000
224 Recreational					
225 Other	412,082	3,128		3,128	415,210
	145,601,281	9,808,372		9,808,372	155,409,653
12 230 Furniture and Equip.					
231 Schools	24,399,287	3,704,396		3,704,396	28,103,683
232 Administration	2,742,103	431,628		431,628	3,173,731
233 Residential	734	85		85	819
234 Recreation					
235 Other	23,888	2,765		2,765	26,653
	27,166,012	4,138,874		4,138,874	31,304,886
12 240 Vehicles					
241 Service vehicles	245,510	109,803	$ (5,693)	104,110	349,620
12 250 Pupil Transportation					
251 Land					
252 Building	25,385	1,058		1,058	26,443
Vehicles					
253 Buses	3,923,109	424,416	(744,891)	(320,475)	3,602,634
254 Service	29,692	7,423		7,423	37,115
255 Equipment					
256 Other					
	3,978,186	432,897	(744,891)	(311,994)	3,666,192
12 260 Misc. Capital Assets					
Computers	715,571	178,893		178,893	894,464
Tools	14,529	3,634		3,634	18,163
Water lines	3,887	969		969	4,856
Resource lines					
	733,987	183,496		183,496	917,483
Subtotal	177,724,976	14,673,442	(750,584)	13,922,858	191,647,834
Energy retrofit	5,765,196	35,137		35,137	5,800,333
Total Capital Assets	$ 183,490,172	$ 14,708,579	$ (750,584)	$ 13,957,995	$ 197,448,167

Eastern School District
Schedule 8
Details of Long-Term Debt

For the Year Ended June 30, 2010			2010	2009
Ref. #				
211 Bank Loans				
Monthly Blended Payment	Interest Rate	Maturity Date		
$ 430	Prime + 2%	2011	$ 130,186	$ 322,129
$ 9,443	Prime + 2%	2012	472,158	585,477
$ 12,475	Prime + 2%	2010		111,821
$ 3,549	5.46%	2013	89,969	126,554
Total 211			692,313	1,145,981
212 **Mortgages**				
Total 212				
213 Debentures				
repayable $__________ monthly, maturing__________				
repayable $__________ monthly, maturing__________				
Total 213				
Subtotal			692,313	1,145,981
215 Less current maturities			113,317	321,534
Total loans other than pupil transportation			$ 578,996	$ 824,447

Certain loans are secured by a first charge over specific vehicles.

Eastern School District
Schedule 8 (Cont'd)
Details of Long- Term Debt

For the Year Ended June 30, 2010

22 220 Loans - pupil transportation
Ref. #

221 Vehicle bank loans

Monthly Blended Payment	Interest Rate	Maturity Date	2010	2009
$ 430	Prime + 2%	2011	$ 5,186	$ 10,342
$ 4,169	Prime + 2%	2012	95,882	145,907
$ 2,019	Prime + 2%	2011	38,352	62,575
$ 5,744	Prime + 2%	2013	307,851	359,882
$ 4,320	5.046%	2017	351,932	385,100
$ 3,910	Prime + 2%	2016	234,625	281,550
$ 4,336	Prime + 2%	2016	213,091	282,018
$ 1,095	Prime + 2%	2014	52,566	65,708
$ 1,679	Prime + 2%	2014	87,320	107,471
$ 521	Prime + 2%	2012	7,692	13,944
$ 521	Prime + 2%	2013	17,195	23,453
$ 4,393	4.55%	2015	324,214	361,269
Total 221			1,735,906	2,099,219

222 Land, buildings and equipment bank loans

repayable $__________ monthly, maturing ________
repayable $__________ monthly, maturing ________
repayable $__________ monthly, maturing ________
repayable $__________ monthly, maturing ________
repayable $__________ monthly, maturing ________

	2010	2009
Total 222		
223 Less current maturities	535,567	363,307
Total loans - pupil transportation	1,200,339	1,735,912
Total long-term debt	$ 1,779,335	$ 2,560,359

Eastern School District
Schedule 8A
Summary of Long- Term Debt

For the Year Ended June 30, 2010

Description	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School construction					
B) Equipment	7.5%	$ 1,145,981		$ 453,668	$ 692,313
C) Service vehicles					
D) Other					
E) Pupil Transportation		2,099,219		363,313	1,735,906
Total Loans		$ 3,245,200	$ NIL	$ 816,981	$ 2,428,219

Eastern School District
Schedule 8B
Schedule of Current Maturities

For the Year Ended June 30, 2010

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School construction					
B) Equipment	$ 113,317	$ 113,318	$ 113,318	$ 113,918	$ 18,887
C) Service vehicles					
D) Other					
E) Pupil Transportation	535,567	386,913	298,446	217,253	194,836
Total loans	$ 648,884	$ 500,231	$ 411,764	$ 331,171	$ 213,723

Eastern School District
Schedule 8C
Schedule of Interest Expense

Year Ended June 30, 2010		**2010**		**2009**
56 010				
Description				
012 Capital				
School construction				
Equipment	$	38,286	$	45,252
Service vehicles		6,003		7,943
Other				
Debt restructuring				7,185
Energy management - capital lease		119,756		177,533
Total Capital		164,045		237,913
Current				
013 Operating loans				
014 Supplier interest charges				
Total Current				
Total Interest Expense	$	164,045	$	237,913

For the Year Ended June 30, 2010	**2010**	**2009**
1. Cash		
Current		
11 110 Cash on Hand and in Bank		
Bank		
112 Current	$ 11,909,866	$ 12,277,853
113 Severance Reserve Fund		
114 Teachers' payroll	536,701	268,837
115 Non teachers' payroll		
116 Executive payroll		
117 Other - Funds	3,236	2,788
	12,449,803	12,549,478
Capital		
11 210 Cash on hand and in bank		
211 Cash on hand		
Bank		
212 Current		
213 Savings		
214 Other		
Total Cash on Hand and in Bank	$ 12,449,803	$ 12,549,478
2. Short Term Investments		
Current		
11 121 Term deposits - restricted	$ 739,823	$ 737,746
122 Marketable securities	135,805	135,805
123 Other		
- Canada treasury bills		
- Mutual funds		
- Balance in broker account		
- Guaranteed Investment Certificates		
Capital		
11 221 Term deposits		
222 Canada Savings Bonds		
223 Other		
Total Short Term Investments	$ 875,628	$ 873,551

Term deposits relate to funds specifically allocated for educational purposes within the Province of Newfoundland and Labrador. These amounts are not intended for general operations of the District.

For the Year Ended June 30, 2010	2010	2009
3. Prepaid Expenses		
Current		
11 141 Insurance	$ 12,894	$ 12,063
142 Municipal service fees	207,021	154,435
143 Supplies		
144 Other		
Equipment lease		
Workers' compensation	440,193	350,060
Garbage collection		
Vehicle insurance		
Other		
Capital		
11 241 Other		
	$ 660,108	$ 516,558

Grant Thornton

Financial Statements

Egg Producers of Newfoundland and Labrador

December 31, 2010

Grant Thornton

Independent auditors' report

Grant Thornton LLP
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To the Members of the Board of the

Egg Producers of Newfoundland and Labrador

We have audited the statement of financial position of the Egg Producers of Newfoundland and Labrador at December 31, 2010 and the statements of operations and surplus and cash flows for the year then ended.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Egg Producers of Newfoundland and Labrador as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

February 23, 2011

Chartered Accountants

Egg Producers of Newfoundland and Labrador

Statement of Operations

Year Ended December 31	2010	2009
Revenue		
Assessments	$ 2,901,355	$ 2,045,714
Less: Egg Farmers of Canada Levy	2,606,585	1,781,694
	294,770	264,020
Other revenue		
Government funded projects	27,967	69,285
Nest run - administrative fee	21,672	21,596
Promotional Allowance Program	20,000	20,000
Amortization of deferred capital contributions	3,509	4,680
Cost sharing – meetings	8,546	4,429
Innovation Fund	-	1,700
Interest	701	712
	377,165	386,422
Less:		
Other costs		
Costs for Government funded projects	27,967	69,285
	349,198	317,137
Expenses		
Advertising	22,140	52,701
Bank charges	3,551	3,846
Depreciation	4,913	6,120
Directors' per diem	9,155	9,900
Equipment rental and repairs	7,324	9,469
Federation of Agriculture	8,000	8,000
Fees, gazetting and insurance	10,200	5,771
Honorarium	12,000	12,000
Meetings	10,158	9,195
Moving expenses	-	2,476
Office supplies	1,519	2,903
Postage	1,199	1,067
Poultry Health Management Program	26,501	26,950
Professional fees	27,694	41,858
Property tax	1,423	-
Rent	30,750	22,938
Salaries and benefits	106,378	107,648
Scholarship	2,500	1,000
Sundry	1,504	4,573
Telephone and utilities	13,285	10,920
Travel	39,841	48,703
Vehicle lease	4,449	4,449
	344,484	392,487
Net earnings (loss)	$ 4,714	$ (75,350)

Egg Producers of Newfoundland and Labrador

Statement of Surplus

Year Ended December 31	2010	2009
Surplus, beginning of year	$ 19,690	$ 95,040
Net earnings (loss)	4,714	(75,350)
Surplus, end of year	$ 24,404	$ 19,690

Egg Producers of Newfoundland and Labrador

Statement of Financial Position

December 31	2010	2009
Assets		
Current		
Cash and cash equivalents (Note 5)	$ 193,297	$ 254,445
Short term investment	82,054	-
Receivables (Note 6)	461,115	506,840
Prepaids	9,471	18,308
	745,937	779,593
Equipment, at cost (less accumulated depreciation of $70,558; 2009- $65,645)	15,542	20,455
	$ 761,479	$ 800,048
Liabilities		
Current		
Payables and accruals (Note 7)	$ 605,537	$ 651,449
Deferred government assistance	-	14,896
	605,537	666,345
Deferred capital contributions	10,530	14,039
	616,067	680,384
Members' Equity		
Surplus	24,404	19,690
Levy Surplus Fund (Note 9)	34,241	34,241
Provincial Variable Levy Fund (Note 10)	86,767	65,733
	145,412	119,664
	$ 761,479	$ 800,048

Commitments (Note 12)

On behalf of the Board

________________ Director ________________ Director

Egg Producers of Newfoundland and Labrador

Statement of Cash Flows

Year Ended December 31	2010	2009
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings (loss)	$ 4,714	$ (75,350)
Depreciation	4,913	6,120
Amortization of deferred capital contributions	(3,509)	(4,680)
	6,118	(73,910)
Change in non-cash operating working capital (Note 11)	(88,300)	115,693
	(82,182)	41,783
Investing		
Purchase of equipment	-	(2,899)
Provincial Variable Levy Fund	21,034	8,759
Net (decrease) increase in cash and cash equivalents	(61,148)	47,643
Cash and cash equivalents		
Beginning of year	254,445	206,802
End of year	$ 193,297	$ 254,445

1. Nature of operations

The Organization, under the Province of Newfoundland and Labrador legislation, has a right and obligation to:

a) control the supply of eggs to meet consumer demand;
b) establish the minimum price for eggs at the farm gate level; and,
c) generally manage the production of eggs so that the price received by the producer is reflective of the cost of production while at the same time ensuring consistent supply, fair pricing and high quality for the product at the consumer level.

2. Summary of significant accounting policies

Use of estimates

In preparing the Organization's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Assessment revenue

Assessment revenue is recognized as follows:

Producers - upon billing based on minimum production levels for allocated quotas.

Importers - when levy stamps are sold.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Short term investment

Short term investment consists of a term deposit cashable in full on the 15th day of each month and on the first and second anniversary of the issue date. Interest on the term deposit is recorded as earned.

Equipment

Depreciation on equipment is recorded using the declining balance method at the rate of 20% per annum for office furniture and equipment and 25% per annum for computer equipment.

2. **Summary of significant accounting policies** (cont'd.)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Government assistance

The Organization receives financial assistance under available Government Incentive Programs. Government assistance relating to capital expenditures is recognized over the useful life of the capital assets. Government assistance relating to current expenses is recorded in the same period as the related expenses.

Financial instruments

CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Organization to revalue all of its financial assets and liabilities at fair value.

This standard also requires the Organization to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

2. Summary of significant accounting policies (cont'd.)

In accordance with this standard, the Organization's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Short term investment	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, equipment, deferred government assistance and deferred capital contributions are not within the scope of this accounting standard as they are not financial instruments.

The financial instruments recognized at fair value above are considered to be Level 1 – valuation based on quoted prices observed in active markets for identical assets and liabilities.

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. The Organization does not currently have any significant embedded derivatives in its contracts that require separate accounting treatment.

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data and other valuation techniques were used as appropriate. The fair values of cash approximated its carrying value.

Accounting policies adopted during the year

Financial instrument disclosures

All financial instruments recognized at fair value must be classified in three fair value hierarchy levels, which are as follows:

> Level 1 – valuation based on quoted prices observed in active markets for identical assets and liabilities;
>
> Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for those instruments; and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
>
> Level 3 – valuation techniques with significant unobservable market inputs.

3. Risk management

The Organization's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Organization include liquidity and credit risks.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to meet its contractual obligations and financial liabilities. The Organization manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations The Organization's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

4. Capital management

The capital structure of the Organization consists of unrestricted surplus, a Levy Surplus Fund and a Provincial Levy Surplus Fund. The primary objective of the Organization's capital management is to provide adequate funding to ensure efficient operations.

The unrestricted funds are available for future operations and are preserved so the Organization can have financial flexibility in the future. The purposes of the Levy Surplus Fund and the Provincial Levy Surplus Fund have been described in Notes 9 and 10 to the financial statements respectively.

5. Cash and cash equivalents

Cash and cash equivalents include $34,241 (2009 - $34,241) of Levy Surplus Fund cash, and $86,767 (2009 - $65,733) of Provincial Variable Levy Fund cash.

6. **Receivables**	2010	2009
Producers	$ 194,434	$ 84,784
Government funding	-	33,400
Other	537	4,087
Egg Farmers of Canada		
- Egg lifts	243,389	358,406
- Co-op funding	20,000	20,000
- Cost sharing	2,755	6,163
	$ 461,115	$ 506,840

7. **Payables and accruals**	2010	2009
Trade payables and accruals	$ 65,110	$ 131,793
Producers - egg lifts	338,903	269,335
Egg Farmers of Canada	192,758	228,829
Honorariums	8,766	-
Producer contributions	-	21,492
	$ 605,537	$ 651,449

8. Credit facilities

The Organization has a letter of credit with the Bank of Montreal of $17,850 for the Egg Farmers of Canada.

9. Levy Surplus Fund

This Fund will be used to offset future years' adjustments to the Egg Farmers of Canada on marketings as well as other Board approved producer expenditures.

10. **Provincial Variable Levy Fund**	2010	2009
Balance, beginning of year	$ 65,733	$ 56,974
Charges to producers	177,703	176,014
Payments to producers	(156,669)	(167,255)
Balance, end of year	$ 86,767	$ 65,733

This Fund is a special provincial levy on producers to fund removal of surplus product.

11. Supplemental cash flow information

Change in non-cash operating working capital	2010	2009
Short term investment	$ (82,054)	$ 78,985
Receivables	45,725	(234,322)
Prepaids	8,837	(10,502)
Payables and accruals	(45,912)	293,981
Deferred government assistance	(14,896)	(12,449)
	$ (88,300)	$ 115,693

12. Commitments

The Board is committed to minimum annual vehicle lease payments for the next two years as follows:

2011 - $4,449; and 2012 – $741.

During the year, a new lease agreement on office premises was signed. Lease payments throughout the term are $2,563 per month and the lease expires June 2011.

13. Employee future benefits

The Board operates a defined contribution pension plan for full time employees. The assets of the plan are held separately from those of the Board in an independently administered fund. Contributions paid and expensed by the Board during the year totalled $3,657 (2009 - $6,053).

14. Budget figures

The 2010 and 2011 budget figures presented in the statement of income are figures provided by management and have not been audited. These figures are included for convenience of the reader only.

Egg Producers of Newfoundland and Labrador

Comparative Financial Results – Five Years Actuals

2006-2010	Audited				
	2006	2007	2008	2009	2010
Revenue					
Assessments - net	$ 258,506	$ 256,479	$ 264,905	$ 264,020	$ 294,770
Other revenue					
Nest run - administrative fee	11,044	14,496	19,503	21,596	21,672
Promotional Allowance Program	-	-	14,047	20,000	20,000
Amortization of deferred capital contributions	-	-	2,674	4,680	3,509
Cost sharing – meetings	-		1,700	4,429	8,546
Innovation Fund	-	-	20,000	1,700	-
Interest and other revenue	2,753	3,860	2,953	712	701
	13,797	18,356	60,877	53,117	54,428
Total revenue	272,303	274,835	325,782	317,137	349,198
Expenses *					
Advertising	4,083	7,644	35,924	52,701	22,140
Bank charges	3,191	3,093	3,537	3,846	3,551
Depreciation	1,940	1,936	4,179	6,120	4,913
Directors' per diem	11,420	9,835	5,060	9,900	9,155
Equipment rental and repairs	6,148	8,116	7,214	9,469	7,324
Federation of Agriculture	8,000	8,000	9,000	8,000	8,000
Fees, gazetting and insurance	7,248	7,974	10,048	5,771	10,200
Honorarium	12,000	12,000	12,000	12,000	12,000
Meetings	7,399	3,817	7,111	9,195	10,158
Moving expenses	-	-	-	2,476	-
Office supplies	3,318	3,866	1,101	2,903	1,519
Postage	817	792	2,398	1,067	1,199
Poultry Health Management Program	14,107	22,521	25,906	26,950	26,501
Professional fees	19,639	17,266	45,956	41,858	27,694
Property tax	-	-	-	-	1,423
Rent	13,150	12,000	12,000	22,938	30,750
Salaries and benefits	110,777	126,675	91,974	107,648	106,378
Saskatchewan judicial review	4,425	-	-	-	-
Scholarship	1,000	1,000	1,000	1,000	2,500
Sundry	1,272	2,092	5,164	4,573	1,504
Telephone and utilities	6,286	7,047	8,141	10,920	13,285
Travel	44,724	40,320	35,814	48,703	39,841
Vehicle lease	2,738	2,738	4,506	4,449	4,449
	283,682	298,732	328,033	392,487	344,484
Net earnings (loss)	$ (11,379)	$ (23,897)	$ (2,251)	$ (75,350)	$ 4,714

*Expenses prior to 2008 have been shown net of reimbursements received.

Egg Producers of Newfoundland and Labrador

Budget - 2010

January 1, 2010 - December 31, 2010

	Budget 2010	Audited Actual 2010	(Note 14) Budget 2011
Revenue			
Assessments – net	$ 295,685	$ 294,770	$ 318,050
Other revenue			
Nest run - administrative fee	20,000	21,672	21,000
Promotional Allowance Program	20,000	20,000	20,000
Amortization of deferred capital contributions	4,500	3,509	4,500
Cost Sharing – meetings	4,000	8,546	4,000
Innovation Fund	-	-	-
Interest and other revenue	500	701	500
	49,000	54,428	50,000
Total revenue	344,685	349,198	368,050
Expenses			
Advertising	28,000	22,140	28,000
APRI research center	1,500	-	1,500
Bank charges	3,924	3,551	3,900
Depreciation	6,000	4,913	6,000
Directors' per diem	11,000	9,155	10,000
Equipment rental and repairs	7,500	7,324	7,000
Federation of Agriculture	8,000	8,000	8,000
Fees, gazetting and insurance	8,000	10,200	9,000
Honorarium	12,000	12,000	12,000
ILT Poultry Program	1,000	-	1,000
Meetings	8,500	10,158	8,500
Office supplies	3,000	1,519	3,000
Postage	1,500	1,199	2,000
Poultry Health Management Program	26,000	26,501	26,000
Professional fees	20,000	27,694	12,000
Property tax	-	1,423	-
Inspection and enforcement	-	-	8,000
Rent	31,000	30,750	25,400
Salaries and benefits	110,000	106,378	120,000
Scholarship	1,000	2,500	1,000
Sundry	2,000	1,504	2,000
Telephone and utilities	16,337	13,285	15,000
Travel	45,000	39,841	45,000
Vehicle lease	4,500	4,449	4,500
	355,761	344,484	358,800
Net (loss) earnings	$ (11,076)	$ 4,714	$ 9,250

Deloitte

Financial Statements of

EVER GREEN ENVIRONMENTAL CORPORATION

March 31, 2010

Deloitte.

Deloitte & Touche LLP
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St. John's NL A1C 6H5
Canada

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Auditors' Report

To the Members of the Board of Directors of
the Health Care Foundation

We have audited the statement of financial position of the Ever Green Environmental Corporation (the "Corporation") as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Corporation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditures over revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the voluntary source revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 10, 2010

EVER GREEN ENVIRONMENTAL CORPORATION

Statement of Operations and Changes in Net Assets

Year ended March 31, 2010

	2010	2009
	$	$
Revenue		
Recycling - beverage containers	3,295,361	3,048,865
Cost of sales	1,946,647	1,850,255
	1,348,714	1,198,610
Fibre	181,541	17,964
Recycling - other	81,080	63,752
Grant	59,400	70,530
Ever Green donations	54,516	75,679
Rent	43,302	97,434
Amortization of deferred capital contributions	25,880	4,393
Other	17,433	35,708
Marketing	9,343	-
Recycling - products	2,174	11,681
Pilot project	-	130,941
	1,823,383	1,706,692
Expenditures		
Salaries and benefits	1,222,758	1,193,474
Office	255,102	235,506
Amortization of capital assets	188,364	128,363
Property management	139,736	80,282
Business development	70,893	50,589
Recycling - products	40,333	32,284
Fibre	31,951	14,460
Marketing and communication	14,604	7,007
Interest on long-term debt	13,451	14,594
Amortization of intangible assets	4,277	4,473
Pilot project	2,158	65,715
	1,983,627	1,826,747
Excess of expenditures over revenue	(160,244)	(120,055)
Net assets, beginning of year	1,336,470	1,456,525
Net assets, end of year	1,176,226	1,336,470

EVER GREEN ENVIRONMENTAL CORPORATION

Statement of Financial Position

March 31, 2010

	2010	2009
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 8)	74,001	310,837
Term deposits	410,148	404,535
Accounts receivable	124,257	205,142
Inventories	17,464	26,930
Prepaid expense	22,668	19,668
	648,538	967,112
Capital assets (Note 4)	2,272,874	2,291,939
Intangible assets (Note 5)	19,955	18,207
	2,941,367	3,277,258
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	564,306	568,547
Due to Eastern Regional Health Authority (Note 6)	-	60,000
Current portion of long-term debt (Note 7)	47,691	49,168
	611,997	677,715
Due to Eastern Regional Health Authority (Note 6)	335,298	335,298
Long-term debt (Note 7)	543,119	632,168
Deferred capital contributions (Note 9)	274,727	295,607
	1,765,141	1,940,788
Net assets	1,176,226	1,336,470
	2,941,367	3,277,258

Commitments (Note 10)

Approved on behalf of the Board:

____________ Director

____________ Director

EVER GREEN ENVIRONMENTAL CORPORATION

Statement of Cash Flows

Year ended March 31, 2010

	2010	2009
	$	$
Operating activities		
Excess of expenditures over revenue	(160,244)	(120,055)
Adjustments for:		
Amortization of capital assets	188,364	128,363
Amortization of intangible assets	4,277	4,473
Amortization of deferred capital contributions	(25,880)	(4,393)
Changes in non-cash operating working capital (Note 8)	23,110	83,491
	29,627	91,879
Investing activities		
Purchase of capital assets	(169,299)	(882,845)
Purchase of intangible assets	(6,025)	(9,367)
Increase in term deposits	(5,613)	(11,513)
	(180,937)	(903,725)
Financing activities		
Proceeds from long-term debt	60,294	699,781
Repayments of long-term debt	(150,820)	(18,445)
Increase in deferred capital contributions	5,000	300,000
Increase (decrease) in long-term amount due to Eastern Regional Health Authority	-	(60,000)
	(85,526)	921,336
Net change in cash and cash equivalents	(236,836)	109,490
Cash and cash equivalents, beginning of year	310,837	201,347
Cash and cash equivalents, end of year	74,001	310,837

1. DESCRIPTION OF BUSINESS

Ever Green Environmental Corporation (the "Corporation") is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador. The Health Care Foundation governs the operations of the Corporation.

As a registered charity, the Corporation is exempt from income taxes and may issue charitable donation receipts.

2. CHANGES IN ACCOUNTING POLICIES

Effective April 1, 2009, the Corporation adopted the amendments issued by the Canadian Institute of Chartered Accountants ("CICA") for Section 1540 "Cash flow statement", Section 4400 "Financial statement presentation by not-for-profit organizations", Section 4430 "Capital assets held by not-for-profit organizations", Section 4460 "Disclosure of related party transactions by not-for-profit organizations" and Section 4470 "Disclosure of allocated expenses by not-for-profit organizations". The application of these standards did not have any impact on the financial statements of the Corporation.

3. ACCOUNTING POLICIES

The Corporation has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Corporation for the year ended March 31, 2010. The Corporation applies the requirements of Section 3861 of the CICA Handbook.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, the more significant of which are as follows:

Revenue recognition

The Corporation recognizes revenue as follows:

a) Service and product revenue is recognized when all significant contractual obligations are satisfied and collection is reasonably assured.
b) Grant revenue is recognized when related expenditures have been incurred.
c) Donations are recognized in the accounts of the Corporation in the year received.
d) Rent revenue is recognized in accordance with the terms of the lease agreement and when collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash floats and deposits with banks, net of overdrafts.

3. ACCOUNTING POLICIES (Continued)

Inventories

Inventories are valued at the lower of cost and net realizable value.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates per annum:

Leasehold improvements	3 years, straight line
Motor vehicles	30%, declining balance
Equipment	20%, declining balance
Computer equipment	30%, declining balance
IT system	10%, declining balance
Building	5%, declining balance
Baler	10 years, straight line
Web site	3 years, straight line

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis over five years.

Financial instruments

Financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Term deposits	Held for trading	Fair value
Accounts receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to Eastern Regional Health Authority	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income at the same rates as amortization expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

3. ACCOUNTING POLICIES (Continued)

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reporting amounts of revenue and expenses during the year. Actual results could differ from these estimates.

4. CAPITAL ASSETS

	2010			2009	
	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	$	$	$	$	$
Land	250,000	-	250,000	250,000	250,000
Building	1,487,303	154,867	1,332,436	1,400,344	1,314,842
Leasehold improvements	258,058	219,555	38,503	234,460	32,572
Motor vehicles	112,066	86,584	25,482	112,066	36,402
Equipment	358,271	170,848	187,423	306,497	171,029
Baler	388,987	48,623	340,364	388,987	379,262
Computer equipment	60,770	47,222	13,548	59,662	17,851
IT system	112,647	29,904	82,743	106,787	86,023
Web site	4,750	2,375	2,375	4,750	3,958
	3,032,852	759,978	2,272,874	2,863,553	2,291,939

5. INTANGIBLE ASSETS

	2010			2009	
	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	$	$	$	$	$
US patent	10,035	-	10,035	4,010	4,010
Patent and tradename	19,487	10,705	8,782	19,487	12,680
Copyright	1,296	518	778	1,296	1,037
Trademark	3,060	2,700	360	3,060	480
	33,878	13,923	19,955	27,853	18,207

5. INTANGIBLE ASSETS (Continued)

Assets relating to the US patent are not yet ready for use and therefore have not been amortized in the current year.

6. DUE TO EASTERN REGIONAL HEALTH AUTHORITY

The balance due to Eastern Regional Health Authority is non-interest bearing with no payments required from April 2010 to March 2011. Repayments will resume in April 2011 to February 2014 at $9,444 per month with the last instalment of $4,758 due on maturity on March 31, 2014.

7. LONG-TERM DEBT

	2010 $	2009 $
Atlantic Canada Opportunities Agency (ACOA) loan, non-interest bearing with principal payments of $1,000 per month from April 2010 to January 2011 and $3,833 per month thereafter.	**220,334**	203,167
Multi-Materials Stewardship Board (MMSB) term loan, non-interest bearing with principal repayments of $446 per month, maturing in 2015.	**26,760**	-
Bank of Nova Scotia term loan, prime plus 0.75%, repayable in monthly payments of $2,056 plus interest, matures in 2029 and is secured by land and building with a net book value of $1,582,436.	**327,829**	352,501
ACOA loan, no set terms of repayment	**15,887**	-
Bank of Nova Scotia term loan, repaid during the year	-	125,668
	590,810	681,336
Current portion	**47,691**	49,168
	543,119	632,168

7. LONG-TERM DEBT (Continued)

Annual principal repayments of long-term debt over the next five years are as follows:

	$
2011	**47,691**
2012	**47,691**
2013	**76,024**
2014	**76,024**
2015	**76,024**

8. SUPPLEMENTAL CASH FLOW INFORMATION

Restricted cash and cash equivalents

Cash and cash equivalents in the amount of $2,252 (2009 - $2,252) is restricted for various programs at the Waterford Hospital.

Change in non-cash operating working capital

	2010 **$**	2009 $
Accounts receivable	**80,885**	(59,457)
Prepaid expense	**(3,000)**	(13,177)
Inventories	**9,466**	(4,959)
Accounts payable and accrued liabilities	**(4,241)**	163,145
Due to Eastern Regional Health Authority	**(60,000)**	-
Deferred revenue	**-**	(2,061)
	23,110	83,491
Interest paid	**13,451**	14,594

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related capital asset purchased.

The changes in deferred capital contributions balance for the year are as follows:

	2010	2009
	$	$
Balance, beginning of the year	295,607	-
Grants received	5,000	300,000
Amortization	(25,880)	(4,393)
Balance, end of the year	274,727	295,607

10. COMMITMENTS

The Corporation has entered into commitments for the lease of space, which will result in the following future expenditures:

	$
2011	104,433
2012	33,589
2013	14,063

11. BANK INDEBTEDNESS

The Corporation has access to lines of credit totaling $150,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution. These lines of credit remained unused at March 31, 2010 and bear interest at the rate of prime plus 1.5%.

12. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of net assets and long-term debt. The Corporation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Corporation is not subject to externally imposed capital requirements, other than those disclosed in Note 8.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Corporation has exposure to credit, liquidity and market risk. The Corporation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Corporation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Corporation's credit risk is primarily attributable to receivables, cash and cash equivalents and term deposits. Management believes that the credit risk with respect to accounts receivable is not material.

The Corporation's cash and cash equivalents and term deposits are distributed among bank and investment accounts. The Corporation does not expect any liquidity issues or credit losses on those instruments.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. As at March 31, 2010 the Corporation had cash and term deposits of $484,149.

To the extent the Corporation does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding, assuming this could be obtained.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and price risk will affect the Corporation's excess of expenditures over revenues or the value of its financial instruments. The Corporation is not subject to foreign exchange.

i) Interest rate risk

The Corporation's term deposits and certain long-term debt bear interest. The cash flow exposure of interest rate risk is not significant.

ii) Price risk

The prices of the Corporation's fibre purchases and fibre sales are exposed to fluctuations in the quoted commodity price depending on general market conditions.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair value

The fair value of the Corporation's financial instruments, with the exception of the amounts due to Eastern Regional Health Authority and the long-term debt, approximate their carrying values due to the short-term maturity and normal credit terms of the instruments. The amount due to Eastern Regional Health Authority and the ACOA loans are non-interest bearing and, therefore, do not reflect fair value. The Bank of Nova Scotia term loan is considered to approximate fair value.

Deloitte.

Financial Statements of

EVER GREEN ENVIRONMENTAL CORPORATION

March 31, 2011

Deloitte.

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Independent Auditor's Report

To the Members of the Board of Directors of
the Health Care Foundation

We have audited the accompanying financial statements of the Ever Green Environmental Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2011, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to revenues, excess of expenditures over revenues, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ever Green Environmental Corporation as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 30, 2011

EVER GREEN ENVIRONMENTAL CORPORATION
Statement of Operations and Changes in Net Assets
Year ended March 31, 2011

	2011	2010
	$	$
Revenue		
Recycling - beverage containers	**3,213,790**	3,295,361
Cost of sales	**1,855,294**	1,946,647
	1,358,496	1,348,714
Fibre	**226,417**	197,006
Grant	**119,400**	59,400
Recycling - products	**71,656**	67,078
Ever Green donations	**57,725**	54,516
Rent	**52,314**	43,302
Amortization of deferred capital contributions	**24,520**	25,880
Other	**11,141**	18,144
Marketing	**10,400**	9,343
	1,932,069	1,823,383
Expenditures		
Salaries and benefits	**1,216,828**	1,197,591
Operations	**300,084**	326,550
Amortization of capital assets	**178,603**	188,364
Business development	**68,472**	70,893
Property management	**53,642**	54,318
Fibre	**44,808**	31,951
Recycling - products	**38,945**	40,333
Transportation	**24,038**	19,376
Administration	**17,569**	21,919
Marketing and communication	**11,768**	14,604
Interest on long-term debt	**9,887**	13,451
Amortization of intangible assets	**5,000**	4,277
	1,969,644	1,983,627
Excess of expenditures over revenue	**(37,575)**	(160,244)
Net assets, beginning of year	**1,176,226**	1,336,470
Net assets, end of year	**1,138,651**	1,176,226

EVER GREEN ENVIRONMENTAL CORPORATION
Statement of Financial Position
March 31, 2011

	2011 $	2010 $
Assets		
Current assets		
Cash (Note 8)	**145,701**	74,001
Term deposits	**416,246**	410,148
Accounts receivable	**92,210**	124,257
Inventories	**9,042**	17,464
Prepaid expense	**27,301**	22,668
	690,500	648,538
Capital assets (Note 4)	**2,192,264**	2,272,874
Intangible assets (Note 5)	**34,825**	19,955
	2,917,589	2,941,367
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**125,956**	287,096
Recycling accounts payable	**435,612**	277,210
Due to Eastern Regional Health Authority (Note 6)	**80,610**	-
Current portion of long-term debt (Note 7)	**76,024**	47,691
	718,202	611,997
Due to Eastern Regional Health Authority (Note 6)	**335,298**	335,298
Long-term debt (Note 7)	**475,231**	543,119
Deferred capital contributions (Note 9)	**250,207**	274,727
	1,778,938	1,765,141
Net assets	**1,138,651**	1,176,226
	2,917,589	2,941,367

Commitments (Note 10)

Approved on behalf of the Board:

Director

Director

EVER GREEN ENVIRONMENTAL CORPORATION

Statement of Cash Flows

Year ended March 31, 2011

	2011	2010
	$	$
Operating activities		
Excess of expenditures over revenue	(37,575)	(160,244)
Adjustments for:		
Amortization of capital assets	178,603	188,364
Amortization of intangible assets	5,000	4,277
Amortization of deferred capital contributions	(24,520)	(25,880)
Changes in non-cash operating working capital (Note 8)	33,098	83,110
	154,606	89,627
Investing activities		
Purchase of capital assets	(97,993)	(169,299)
Purchase of intangible assets	(19,870)	(6,025)
Increase in term deposits	(6,098)	(5,613)
	(123,961)	(180,937)
Financing activities		
Proceeds from long-term debt	96,483	60,294
Repayments of long-term debt	(136,038)	(150,820)
Increase in due to Eastern Regional Health Authority	80,610	(60,000)
Increase in deferred capital contributions	-	5,000
	41,055	(145,526)
Net change in cash	71,700	(236,836)
Cash, beginning of year	74,001	310,837
Cash, end of year	145,701	74,001

1. DESCRIPTION OF BUSINESS

Ever Green Environmental Corporation (the "Corporation") is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador. The Health Care Foundation governs the operations of the Corporation.

As a registered charity, the Corporation is exempt from income taxes and may issue charitable donation receipts.

2. ACCOUNTING POLICIES

The Corporation has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Corporation for the year ended March 31, 2011. The Corporation applies the requirements of Section 3861 of the CICA Handbook.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, the more significant of which are as follows:

Revenue recognition

The Corporation recognizes revenue as follows:

a) Service and product revenue is recognized when all significant contractual obligations are satisfied and collection is reasonably assured.
b) Grant revenue is recognized when related expenditures have been incurred.
c) Donations are recognized in the accounts of the Corporation in the year received.
d) Rent revenue is recognized in accordance with the terms of the lease agreement and when collection is reasonably assured.

Inventories

Inventories are valued at the lower of cost and net realizable value.

2. ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates per annum:

Leasehold improvements	Term of lease
Motor vehicles	30%, declining balance
Equipment	20%, declining balance
Computer equipment	30%, declining balance
IT system	10%, declining balance
Building	5%, declining balance
Baler	10 years, straight line
Web site	3 years, straight line

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis over five years.

Financial instruments

Financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash	Held for trading	Fair value
Term deposits	Held for trading	Fair value
Accounts receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to Eastern Regional Health Authority	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income at the same rates as amortization expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reporting amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

The CICA has issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards ("IFRS") and the accounting standards for not-for-profit organizations with accounting standards for private enterprises as the underlying framework, whichever suits them best. Early adoption of these standards is permitted. The Corporation currently plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning on April 1, 2012. The impact of this transition has not yet been determined.

4. CAPITAL ASSETS

	2011			2010	
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Net Book Value
	$	**$**	**$**	$	$
Land	**250,000**	**-**	**250,000**	250,000	250,000
Building	**1,487,303**	**221,489**	**1,265,814**	1,487,303	1,332,436
Leasehold improvements	**265,945**	**240,895**	**25,050**	258,058	38,503
Motor vehicles	**112,066**	**94,229**	**17,837**	112,066	25,482
Equipment	**446,725**	**201,023**	**245,702**	358,271	187,423
Baler	**388,987**	**87,522**	**301,465**	388,987	340,364
Computer equipment	**62,421**	**51,286**	**11,135**	60,770	13,548
IT system	**112,647**	**38,178**	**74,469**	112,647	82,743
Web site	**4,750**	**3,958**	**792**	4,750	2,375
	3,130,844	**938,580**	**2,192,264**	3,032,852	2,272,874

5. INTANGIBLE ASSETS

	2011			2010	
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Net Book Value
	$	**$**	**$**	$	$
US patent	**20,304**	**-**	**20,304**	10,035	10,035
Patent and tradename	**29,089**	**15,326**	**13,763**	19,487	8,782
Copyright	**1,296**	**778**	**518**	1,296	778
Trademark	**3,060**	**2,820**	**240**	3,060	360
	53,749	**18,924**	**34,825**	33,878	19,955

5. INTANGIBLE ASSETS (Continued)

Assets relating to the US patent are not yet ready for use and therefore have not been amortized in the current year.

6. DUE TO EASTERN REGIONAL HEALTH AUTHORITY

The long-term balance due to Eastern Regional Health Authority is non-interest bearing with no payments required from April 2011 to March 2012. It has not been determined when repayments will resume.

7. LONG-TERM DEBT

	2011 **$**	2010 $
Atlantic Canada Opportunities Agency ("ACOA") loan, non-interest bearing with principal payments of $1,000 per month from April 2010 to January 2011 and $3,833 per month thereafter.	**202,667**	220,334
Multi-Materials Stewardship Board ("MMSB") term loan, non-interest bearing with principal repayments of $446 per month, maturing in 2015.	**21,391**	26,760
Bank of Nova Scotia term loan, prime plus 0.75%, repayable in monthly payments of $2,056 plus interest, matures in 2029 and is secured by land and building with a net book value of $1,582,436.	**214,827**	327,829
ACOA loan, no set terms of repayment	**112,370**	15,887
	551,255	590,810
Current portion	**76,024**	47,691
	475,231	543,119

7. LONG-TERM DEBT (Continued)

Annual principal repayments of long-term debt over the next five years are as follows:

	$
2012	**76,024**
2013	**76,024**
2014	**76,024**
2015	**76,024**
2016	**70,672**
Thereafter	**176,487**

8. SUPPLEMENTAL CASH FLOW INFORMATION

Restricted cash

Cash in the amount of $2,414 (2010 - $2,252) is restricted for various programs at the Waterford Hospital.

Change in non-cash operating working capital

	2011 **$**	2010 $
Accounts receivable	**32,047**	80,885
Prepaid expense	**8,422**	(3,000)
Inventories	**(4,633)**	9,466
Accounts payable and accrued liabilities	**(2,738)**	(4,241)
	33,098	83,110
Interest paid	**9,887**	13,451

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related capital asset purchased.

The changes in deferred capital contributions balance for the year are as follows:

	2011	2010
	$	$
Balance, beginning of the year	**274,727**	295,607
Grants received	**-**	5,000
Amortization	**(24,520)**	(25,880)
Balance, end of the year	**250,207**	274,727

10. COMMITMENTS

The Corporation has entered into commitments for the lease of space, which will result in the following future expenditures:

	$
2012	**104,658**
2013	**14,063**

11. CREDIT FACILITY

The Corporation has access to lines of credit totaling $150,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution. These lines of credit remained unused at March 31, 2011 (2010 - $Nil) and bear interest at the rate of prime plus 1.5%.

12. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of net assets and long-term debt. The Corporation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Corporation is not subject to externally imposed capital requirements, other than those disclosed in Note 8.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Corporation has exposure to credit, liquidity and market risk. The Corporation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Corporation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Corporation's credit risk is primarily attributable to receivables, cash and term deposits. Management believes that the credit risk with respect to accounts receivable is not material.

The Corporation's cash and term deposits are distributed among bank and investment accounts. The Corporation does not expect any liquidity issues or credit losses on those instruments.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. As at March 31, 2011 the Corporation had cash and term deposits of $561,947.

To the extent the Corporation does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding, assuming this could be obtained.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and price risk will affect the Corporation's excess of expenditures over revenues or the value of its financial instruments. The Corporation is not subject to foreign exchange risk.

i) Interest rate risk

The Corporation's term deposits and certain long-term debt bear interest at variable rates. The cash flow exposure of interest rate risk is not significant.

ii) Price risk

The prices of the Corporation's fibre purchases and fibre sales are exposed to fluctuations in the quoted commodity price depending on general market conditions.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair value

The fair value of the Corporation's financial instruments, with the exception of the amounts due to Eastern Regional Health Authority and the long-term debt, approximate their carrying values due to the short-term maturity and normal credit terms of the instruments. The amount due to Eastern Regional Health Authority and the ACOA loans are non-interest bearing and, therefore, do not reflect fair value. The Bank of Nova Scotia term loan is considered to approximate fair value.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

Deloitte.

Combined Funds Financial Statements

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

March 31, 2010

Deloitte.

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Canada

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Auditors' Report

To the Directors of
Janeway Children's Hospital Foundation

We have audited the combined funds statement of financial position of the Janeway Children's Hospital Foundation as at March 31, 2010 and the combined funds statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
May 7, 2010

Membre de / Member of Deloitte Touche Tohmatsu

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Combined Funds Statement of Operations
Year ended March 31, 2010

	General Fund	In-Memoriam Fund	Endowment Fund	2010	2009
	$	$	$	$	$
Revenue					
Miracle Network Telethon projects and donations	2,160,305	-	-	2,160,305	2,176,495
Home lottery	1,417,225	-	-	1,417,225	-
House sale	676,400	-	-	676,400	-
Interest and other investment income	105,614	-	52,585	158,199	37,620
Restricted donations	140,001	-	-	140,001	55,000
Golf	134,182	-	-	134,182	110,996
Christmas Appeal	110,082	-	-	110,082	108,532
Bequests and in-memoriam	2,267	30,567	32,630	65,464	120,553
Radiothon	61,861	-	-	61,861	68,959
Jeans Day	23,893	-	-	23,893	25,818
Other funding	22,457	-	-	22,457	5,934
Atlantic Fundraising Association	5,000	-	-	5,000	4,700
	4,859,287	30,567	85,215	4,975,069	2,714,607
Expenditure					
Home lottery	1,570,074	-	-	1,570,074	-
House sale	642,208	-	-	642,208	-
Salaries and benefits	415,561	-	-	415,561	415,368
Miracle Network Telethon (Schedule 1)	321,082	-	-	321,082	333,319
Professional fees	55,388	-	-	55,388	55,586
Christmas Appeal (Schedule 2)	33,292	-	-	33,292	33,696
Golf	22,013	-	-	22,013	23,233
General administration	15,729	-	-	15,729	15,716
Maintenance contract	10,984	-	-	10,984	11,350
Public relations and advertising	10,271	-	-	10,271	4,698
Travel and conferences	8,610	-	-	8,610	9,123
Jeans Day	3,215	-	-	3,215	3,132
Radiothon	2,232	-	-	2,232	7,110
Planned giving	1,179	6,074	-	7,253	19,511
Amortization	-	-	-	-	1,049
	3,111,838	6,074	-	3,117,912	932,891
Excess of revenue over expenditure before undernoted items	1,747,449	24,493	85,215	1,857,157	1,781,716
Donations (Note 6)					
Eastern Regional Health Authority	463,197	-	-	463,197	1,275,864
Other	207,052	-	-	207,052	153,046
	670,249	-	-	670,249	1,428,910
Excess of revenue over expenditure	1,077,200	24,493	85,215	1,186,908	352,806

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Combined Funds Statement of Changes in Net Assets
Year ended March 31, 2010

	General Fund	In-Memoriam Fund	Endowment Fund	2010	2009
	$	$	$	$	$
Net assets, beginning of year	2,521,691	114,227	974,795	3,610,713	3,257,907
Excess of revenue over expenditure	1,077,200	24,493	85,215	1,186,908	352,806
Net assets, end of year	3,598,891	138,720	1,060,010	4,797,621	3,610,713

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Combined Funds Statement of Financial Position
March 31, 2010

	General Fund	In-Memoriam Fund	Endowment Fund	2010	2009
	$	$	$	$	$
Assets					
Current assets					
Cash and cash equivalents	1,305,459	138,720	47,954	1,492,133	181,655
Investments (Note 4)	795,756	-	-	795,756	1,340,216
Receivables	7,734	-	44,570	52,304	20,702
Prepaid expenses	93,228	-	-	93,228	152,637
	2,202,177	138,720	92,524	2,433,421	1,695,210
Investments (Note 4)	1,981,585	-	967,486	2,949,071	2,515,329
	4,183,762	138,720	1,060,010	5,382,492	4,210,539
Liabilities					
Current liabilities					
Payables and accruals	41,436	-	-	41,436	32,479
Due to Eastern Regional Health Authority	485,264	-	-	485,264	511,654
Deferred contributions	32,047	-	-	32,047	32,047
	558,747			558,747	576,180
Accrued severance pay	26,124	-	-	26,124	23,646
	584,871			584,871	599,826
Net assets					
Unrestricted net assets	3,579,270	138,720	-	3,717,990	2,616,297
Restricted net assets	19,621	-	1,060,010	1,079,631	994,416
	3,598,891	138,720	1,060,010	4,797,621	3,610,713
	4,183,762	138,720	1,060,010	5,382,492	4,210,539

Commitments (Note 9)

Approved on behalf of the Board

Lloyd Powell Director

Director

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Combined Funds Statement of Cash Flows
Year ended March 31, 2010

	General Fund	In-Memoriam Fund	Endowment Fund	2010	2009
	$	$	$	$	$
Operating activities					
Excess of revenue over expenditure	1,077,200	24,493	85,215	1,186,908	352,806
Adjustments for:					
Amortization	-	-	-	-	1,049
Increase (decrease) in severance pay accrual	2,478	-	-	2,478	(5,158)
Changes in non-cash operating working capital (Note 7)	41,976	-	(31,602)	10,374	(66,034)
	1,121,654	24,493	53,613	1,199,760	282,663
Investing activity					
Increase (decrease) in investments	157,839	-	(47,121)	110,718	(361,866)
Net increase (decrease) in cash and cash equivalents	1,279,493	24,493	6,492	1,310,478	(79,203)
Cash and cash equivalents, beginning of year	25,966	114,227	41,462	181,655	260,858
Cash and cash equivalents, end of year	1,305,459	138,720	47,954	1,492,133	181,655

1. NATURE OF OPERATIONS

The Janeway Children's Hospital Foundation (the "Foundation") is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

2. CHANGES IN ACCOUNTING POLICIES

Effective April 1, 2009, the Foundation adopted the amendments issued by the Canadian Institute of Chartered Accountants ("CICA") section 1540 "Cash flow statement", section 4400 "Financial statement presentation by not-for-profit organizations", section 4430 "Capital assets held by not-for-profit organizations", section 4460 "Disclosure of related party transactions by not-for-profit organizations", and Section 4470 "Disclosure of allocated expenses by not-for-profit organizations". The application of these standards had no impact on the financial statements of the Foundation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Foundation for the year ended March 31, 2010. The Foundation applies the requirements of Section 3861 of the CICA Handbook.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, the more significant which are as follows:

Fund accounting

The Foundation applies the restricted fund method of accounting for contributions.

The General Fund contains all of the operating assets, liabilities, revenue and expenditures of the Foundation related to the organization's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research.

The In-Memoriam Fund represents donations received from donors for a designated purpose. These donations are held in bank accounts or invested until disbursed for specific projects.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund accounting (continued)

The Endowment Fund represents donations received from donors specifically for the Little Red Wagon Endowment Fund along with any bequests and in-memoriam donations that have not been designated for a specific purpose. These donations are held in bank accounts and are disbursed based on recommendations from the Board.

Revenue recognition

Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received. Contributions received for expenditures for a future period are deferred and recognized as revenue when the expenditure is incurred. All other revenues are recognized as earned and when collectability is reasonably assured.

In-kind contributions are recorded when fair value is determinable.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on the same basis as the amortization expense related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with maturities of three months or less.

Capital assets

Capital assets, which consist of equipment, are recorded at cost and amortized on a straight-line basis over five years.

Vacation pay and other benefits

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels for employees who have a vested right to receive such a payment. No provision for severance pay is recorded for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension costs

Employees of the Foundation are members of the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis and amounted to $16,467 for the year ended March 31, 2010 (2009 - $17,925).

Financial instruments

The Foundation's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Investments	Held for trading	Fair value
Receivables	Receivables	Amortized cost
Payables and accruals, due to Eastern Regional Health Authority	Other liabilities	Amortized cost

The Foundation has determined that it does not have derivatives or embedded derivatives.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

4. INVESTMENTS

	2010	2009
	$	$
Guaranteed investment certificate, due May 9, 2010, bearing interest at 4.0%	**269,317**	258,959
Guaranteed investment certificate, due November 27, 2010, bearing interest at 3.9%	**526,439**	506,678
Guaranteed investment certificate, due November 27, 2011, bearing interest at 4.32%	**635,180**	608,877
Guaranteed investment certificate, due December 3, 2011, bearing interest at 2.5%	**302,425**	-
Guaranteed investment certificate, due December 3, 2012, bearing interest at 3.15%	**303,049**	-
Guaranteed investment certificate, due December 3, 2013, bearing interest at 3.75%	**506,037**	-
Managed money portfolio	**1,202,380**	1,140,815
Guaranteed investment certificates, matured during the year	**-**	1,340,216
	3,744,827	3,855,545
Current portion	**795,756**	1,340,216
	2,949,071	2,515,329

Included in interest and other investment income is an unrealized gain of $61,656.

5. CAPITAL ASSETS

	2010			2009	
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Net Book Value
	$	**$**	**$**	$	$
Equipment	**138,849**	**138,849**	**-**	138,849	-

6. DONATIONS

	2010 $	2009 $
Eastern Regional Health Authority		
Janeway Children's Health and Rehabilitation Centre	**333,197**	1,006,395
Janeway Research	**130,000**	269,469
	463,197	1,275,864
Other		
Bursaries and fellowships	**75,000**	15,000
Dr. H. Bliss Murphy Cancer Care Foundation	**50,000**	50,000
RBC Reach Out Program	**40,000**	50,000
Other Hospital Funding	**25,000**	28,992
Rainbow Riders program	**7,500**	7,500
Other miscellaneous	**3,150**	-
Asthma program	**2,626**	700
Environmental grant	**2,210**	354
Pastoral Care/Rehab Teen Group	**800**	500
Memorial University	**766**	-
	207,052	153,046
	670,249	1,428,910

7. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital

	2010 $	2009 $
Receivables	**(31,602)**	(2,951)
Prepaid expenses	**59,409**	(69,053)
Payables and accruals	**8,957**	(14,675)
Due to Eastern Regional Health Authority	**(26,390)**	20,645
	10,374	(66,034)

8. RELATED PARTY TRANSACTIONS

Transactions between the Foundation and Eastern Regional Health Authority ("Eastern Health") are measured at their exchange value.

9. COMMITMENTS

During the year, the Foundation committed to disburse $1,800,000 (2009 - $1,230,000) to Eastern Health to benefit the Janeway Children's Health and Rehabilitation Centre, depending on the financial results of the Foundation for the year. During the year, $514,689 (2009 - $1,275,864) of current and previously committed funds were disbursed. The outstanding commitments from the current and prior years of approximately $3,550,503 relating to capital equipment and research are expected to be disbursed in future fiscal years of the Foundation.

10. CAPITAL MANAGEMENT

The capital structure of the Foundation consists of net assets. The Foundation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Foundation is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Foundation has exposure to credit risk, liquidity risk and market risk. The Foundation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Foundation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Foundation's credit risk is primarily attributable to receivables, cash, and investments. Management believes that the credit risk with respect to receivables is not material. The Foundation's cash and investments are distributed among bank and investments accounts. The Foundation does not expect any liquidity issues or credit losses on these instruments.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. As at March 31, 2010 the Foundation had cash and cash equivalents of $1,305,459 available in the general fund.

To the extent that the Foundation does not believe that it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party financing, assuming this can be obtained.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and price risk will affect the Foundation's net earnings or the value of its financial instruments. The Foundation is not subject to foreign exchange risk.

(i) Interest rate risk

The Foundation's investments bear interest at fixed rates. Consequently, the cash flow exposure to interest rate risk is not significant.

(ii) Price risk

The value of the Foundation's managed money portfolio and shares are exposed to fluctuations in the quoted market price depending on a number of factors, including general market conditions, and company specific operating performance.

Fair value

The fair value of the Foundation's financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments, except for investments which are recorded based on quoted market value.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Schedule 1 - Miracle Network Telethon Expenses
Year ended March 31, 2010

	2010	2009
	$	$
Advertising	**15,900**	8,601
Affiliation fees	**38,330**	36,366
Broadcasting costs	**103,752**	135,555
General administration	**22,694**	43,516
Merchandise	**74,686**	33,794
Office and miscellaneous	**2,085**	2,010
Postage	**17,489**	17,194
Printing	**10,225**	13,061
Professional fees	**13,371**	27,110
Telephone	**9,853**	2,098
Travel	**12,697**	14,014
	321,082	333,319

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Schedule 2 - Christmas Appeal Expenses
Year ended March 31, 2010

	2010	2009
	$	$
Contractual services	**8,730**	8,197
Office and miscellaneous	**706**	1,880
Postage	**13,235**	12,512
Printing	**10,621**	9,721
Promotional costs	-	1,386
	33,292	33,696

Deloitte

Combined Funds Financial Statements

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

March 31, 2011

Deloitte

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Independent Auditor's Report

To the Directors of the
Janeway Children's Hospital Foundation

We have audited the accompanying financial statements of the Janeway Children's Hospital Foundation, which comprise the combined funds statement of financial position as at March 31, 2011, and the combined funds statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Foundation derives revenue from donations and other fundraising revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Janeway Children's Hospital Foundation as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
August 2, 2011

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Combined Funds Statement of Operations

Year ended March 31, 2011

	General Fund	In-Memoriam Fund	Endowment Fund	2011	2010
	$	$	$	$	$
Revenue					
Miracle Network Telethon projects and donations	1,954,025	-	-	1,954,025	2,160,305
Designated donations	725,401	-	-	725,401	140,001
Interest and other investment income	169,680	-	61,153	230,833	158,199
Golf	134,867	-	-	134,867	134,182
Christmas Appeal	115,789	-	-	115,789	110,082
Atlantic Fundraising Association	85,670	-	-	85,670	5,000
Bequests and in-memoriam	2,560	17,843	37,717	58,120	65,464
Radiothon	55,724	-	-	55,724	61,861
Jeans Day	25,138	-	-	25,138	23,893
Other funding	21,030	-	-	21,030	22,457
Home lottery	-	-	-	-	1,417,225
House sale	-	-	-	-	676,400
	3,289,884	17,843	98,870	3,406,597	4,975,069
Expenditure					
Salaries and benefits	420,646	-	-	420,646	415,561
Miracle Network Telethon (Schedule 1)	331,928	-	-	331,928	321,082
Professional fees	45,042	-	-	45,042	55,388
Christmas Appeal (Schedule 2)	42,290	-	-	42,290	33,292
Golf	24,026	-	-	24,026	22,013
General administration	16,648	-	-	16,648	15,729
Public relations and advertising	15,744	-	-	15,744	10,271
Planned giving	3,384	9,341	-	12,725	7,253
Travel and conferences	11,962	-	-	11,962	8,610
Maintenance contract	11,495	-	-	11,495	10,984
Jeans Day	3,399	-	-	3,399	3,215
Radiothon	1,134	-	-	1,134	2,232
Home lottery	-	-	-	-	1,570,074
House sale	-	-	-	-	642,208
	927,698	9,341	-	937,039	3,117,912
Excess of revenue over expenditure before undernoted items	2,362,186	8,502	98,870	2,469,558	1,857,157
Donations (Note 5)					
Eastern Regional Health Authority	1,681,058	-	-	1,681,058	463,197
Other	239,827	-	-	239,827	207,052
	1,920,885	-	-	1,920,885	670,249
Excess of revenue over expenditure	441,301	8,502	98,870	548,673	1,186,908

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Combined Funds Statement of Changes in Net Assets

Year ended March 31, 2011

	General Fund	In-Memoriam Fund	Endowment Fund	2011	2010
	$	$	$	$	$
Net assets, beginning of year	3,598,891	138,720	1,060,010	4,797,621	3,610,713
Excess of revenue over expenditure	441,301	8,502	98,870	548,673	1,186,908
Net assets, end of year	4,040,192	147,222	1,158,880	5,346,294	4,797,621

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Combined Funds Statement of Financial Position
March 31, 2011

	General Fund	In-Memoriam Fund	Endowment Fund	2011	2010
	$	$	$	$	$
Assets					
Current assets					
Cash and cash equivalents	604,462	147,222	81,257	832,941	1,492,133
Investments (Note 4)	972,606	-	-	972,606	795,756
Receivables	6,486	-	-	6,486	7,733
Due from Eastern Regional Health Authority	-	-	110,850	110,850	44,571
Prepaid expenses	96,656	-	-	96,656	93,228
	1,680,210	147,222	192,107	2,019,539	2,433,421
Investments (Note 4)	3,824,817	-	966,773	4,791,590	2,949,071
	5,505,027	147,222	1,158,880	6,811,129	5,382,492
Liabilities					
Current liabilities					
Payables and accruals	51,108	-	-	51,108	41,436
Due to Eastern Regional Health Authority	1,341,761	-	-	1,341,761	485,264
Deferred contributions	36,696	-	-	36,696	32,047
	1,429,565	-	-	1,429,565	558,747
Accrued severance pay	35,270	-	-	35,270	26,124
	1,464,835	-	-	1,464,835	584,871
Net assets					
Unrestricted net assets	4,020,571	147,222	-	4,167,793	3,717,990
Restricted net assets	19,621	-	1,158,880	1,178,501	1,079,631
	4,040,192	147,222	1,158,880	5,346,294	4,797,621
	5,505,027	147,222	1,158,880	6,811,129	5,382,492

Commitments (Note 8)

Approved on behalf of the Board

Director

Lynn Sparke

Director

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Combined Funds Statement of Cash Flows
Year ended March 31, 2011

	General Fund	In-Memoriam Fund	Endowment Fund	2011	2010
	$	$	$	$	$
Operating activities					
Excess of revenue over expenditure	441,301	8,502	98,870	548,673	1,186,908
Adjustment for:					
Increase in severance pay accrual	9,146	-	-	9,146	2,478
Changes in non-cash operating working capital (Note 6)	868,638	-	(66,280)	802,358	10,374
	1,319,085	8,502	32,590	1,360,177	1,199,760
Investing activity					
(Increase) decrease in investments	(2,020,082)	-	713	(2,019,369)	110,718
Net (decrease) increase in cash and cash equivalents	(700,997)	8,502	33,303	(659,192)	1,310,478
Cash and cash equivalents, beginning of year	1,305,459	138,720	47,954	1,492,133	181,655
Cash and cash equivalents, end of year	604,462	147,222	81,257	832,941	1,492,133

1. NATURE OF OPERATIONS

The Janeway Children's Hospital Foundation (the "Foundation") is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

As a registered charity, the Foundation is exempt from income taxes and may issue charitable donation receipts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Foundation for the year ended March 31, 2011. The Foundation applies the requirements of Section 3861 of the CICA Handbook.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, the more significant of which are as follows:

Fund accounting

The Foundation applies the restricted fund method of accounting for contributions.

The General Fund contains all of the operating assets, liabilities, revenue and expenditure of the Foundation related to the organization's mandate to raise funds for the Janeway Children's Health and Rehabilitation Centre.

The In-Memoriam Fund represents donations received for designated purposes. These donations are held in bank accounts or invested until disbursed.

The Endowment Fund represents donations received for the Little Red Wagon Endowment Fund along with any bequests and in-memoriam donations that have not been designated for a specific purpose. These donations are held in bank accounts and are disbursed based on recommendations of the Board.

Revenue recognition

Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received. Contributions received for expenditures for a future period are deferred and recognized as revenue when the expenditure is incurred. All other revenues are recognized as earned when collectability is reasonably assured.

In-kind contributions are recorded when fair value can be reasonably estimated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on the same basis as the amortization expense related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with maturities of three months or less.

Capital assets

Capital assets, which consist of equipment, are recorded at cost and amortized on a straight-line basis over five years.

Vacation pay and other benefits

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels for employees who have a vested right to receive such a payment. No provision for severance pay is recorded for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Pension costs

Employees of the Foundation are members of the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis and amounted to $16,368 for the year ended March 31, 2011 (2010 - $16,467).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

The Foundation's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Investments	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Due from Eastern Regional Health Authority	Loans and receivables	Amortized cost
Payables and accruals, due to Eastern Regional Health Authority	Other liabilities	Amortized cost

The Foundation has determined that it does not have derivatives or embedded derivatives.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

3. FUTURE ACCOUNTING PRONOUNCEMENT

New accounting framework

The CICA has issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards ("IFRS") and the accounting standards for not-for-profit organizations with accounting standards for private enterprises as the underlying framework, whichever suits them best. The Foundation currently plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning on April 1, 2012. The impact of this transition has not yet been determined.

4. INVESTMENTS

	2011 $	2010 $
Guaranteed investment certificate, due November 27, 2011, bearing interest at 4.32%	**662,620**	635,180
Guaranteed investment certificate, due December 3, 2011, bearing interest at 2.5%	**309,986**	302,425
Guaranteed investment certificate, due December 3, 2012, bearing interest at 3.15%	**312,595**	303,049
Guaranteed investment certificate, due April 14, 2012, bearing interest at 2.55%	**1,127,051**	-
Guaranteed investment certificate, due December 2, 2012, bearing interest at 2.70%	**453,959**	-
Guaranteed investment certificates, due May 18, 2013, bearing interest at 3.4%	**772,167**	-
Guaranteed investment certificate, due December 3, 2013, bearing interest at 3.75%	**525,015**	506,037
Managed money portfolio	**1,600,803**	1,202,380
Guaranteed investment certificate, matured during the year	-	269,317
Guaranteed investment certificate, matured during the year	-	526,439
	5,764,196	3,744,827
Current portion	**972,606**	795,756
	4,791,590	2,949,071

Included in interest and other investment income in the Statement of Operations is an unrealized gain of $398,423 (2010 - $61,656).

5. DONATIONS

	2011	2010
	$	$
Eastern Regional Health Authority		
Janeway Children's Health and Rehabilitation Centre	**807,067**	333,197
Janeway Pediatric Research and Family Resource Centre	**761,658**	-
Janeway Research	**92,333**	130,000
Janeway Rehab Technical Aid Lending Library	**20,000**	-
	1,681,058	463,197
Other		
Memorial University	**100,000**	766
Bursaries and fellowships	**58,500**	75,000
RBC Reach Out Program	**40,000**	40,000
Other Hospital Funding	**26,973**	25,000
Rainbow Riders program	**7,500**	7,500
Canadian Diabetes Society	**5,000**	-
Asthma program	**1,000**	2,626
Pastoral Care/Rehab Teen Group	**854**	800
Dr. H. Bliss Murphy Cancer Care Foundation	**-**	50,000
Other miscellaneous	**-**	3,150
Environmental grant	**-**	2,210
	239,827	207,052
	1,920,885	670,249

6. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital:

	2011	2010
	$	$
Receivables	**(65,032)**	(31,602)
Prepaid expenses	**(3,428)**	59,409
Payables and accruals	**9,672**	8,957
Deferred contributions	**4,649**	-
Due to Eastern Regional Health Authority	**856,497**	(26,390)
	802,358	10,374

7. RELATED PARTY TRANSACTIONS

Transactions between the Foundation and Eastern Regional Health Authority ("Eastern Health") are measured at their exchange value.

8. COMMITMENTS

During the year, the Foundation committed to disburse $1,050,000 (2010 - $1,800,000) to Eastern Health to benefit the Janeway Children's Health and Rehabilitation Centre, depending on the financial results of the Foundation for the year. During the year, $1,741,399 (2010 - $514,689) of current and previously committed funds were disbursed. The outstanding commitments from the current and prior years of approximately $4,148,932 relating to capital equipment and research are expected to be disbursed in future fiscal years of the Foundation.

9. CAPITAL MANAGEMENT

The capital structure of the Foundation consists of net assets. The Foundation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Foundation is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Foundation has exposure to credit risk, liquidity risk and market risk. The Foundation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Foundation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Foundation's credit risk is primarily attributable to cash, investments and receivables. The Foundation's cash and investments are distributed among bank and investments accounts. The Foundation does not expect any liquidity issues or credit losses on these instruments. Management believes that the credit risk with respect to receivables is not material.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. As at March 31, 2011 the Foundation had cash and cash equivalents of $604,462 available in the General Fund.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Liquidity risk (continued)

To the extent that the Foundation does not believe that it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party financing, assuming this can be obtained.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and price risk will affect the Foundation's net earnings or the value of its financial instruments. The Foundation is not subject to foreign exchange risk.

(i) Interest rate risk

The Foundation's investments bear interest at fixed rates. Consequently, the cash flow exposure to interest rate risk is not significant.

(ii) Price risk

The value of the Foundation's managed money portfolio is exposed to fluctuations in the quoted market price depending on a number of factors, including general market conditions, and company specific operating performance.

Fair value

The fair value of the Foundation's financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments. Investments are recorded at fair value based on quoted market value.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Schedule 1 - Miracle Network Telethon Expenses
Year ended March 31, 2011

	2011	2010
	$	$
Broadcasting costs	**98,570**	103,752
Merchandise	**57,183**	74,686
Affiliation fees	**45,140**	38,330
Advertising	**40,661**	15,900
General administration	**27,752**	22,694
Professional fees	**17,841**	13,371
Postage	**15,854**	17,489
Travel	**14,962**	12,697
Printing	**7,727**	10,225
Telephone	**5,368**	9,853
Office and miscellaneous	**870**	2,085
	331,928	321,082

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Schedule 2 - Christmas Appeal Expenses
Year ended March 31, 2011

	2011	2010
	$	$
Postage	**13,616**	13,235
Printing	**10,402**	10,621
Contractual services	**9,755**	8,730
Advertising	**7,458**	-
Office and miscellaneous	**1,059**	706
	42,290	33,292

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

BDO

Tel: 709 466 1515
Fax: 709 466 1510
www.bdo.ca

BDO Canada LLP
221D Memorial Drive
Clarenville NL A5A 1R3 Canada

Independent Auditor's Report

To the Trustees of
Labrador – Grenfell Regional Health Authority

We have audited the accompanying consolidated financial statements of Labrador – Grenfell Regional Health Authority which comprise the Consolidated Statement of Financial Position as at March 31, 2011, and the Consolidated Statement of Changes in Net Assets, Statement of Revenues and Expenses and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Labrador – Grenfell Regional Health Authority as at March 31, 2011 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

CHARTERED ACCOUNTANTS

Clarenville, Newfoundland and Labrador
June 13, 2011

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	2011	2010 (restated - Note 11)
	$	$
ASSETS		
Current		
Cash	977,754	472,048
Restricted cash (Note 4)	1,596,642	1,694,616
Receivables (Note 5)	17,458,271	11,931,504
Inventories (Note 2)	2,366,698	2,191,532
Prepaid expenses	3,022,548	2,030,617
	25,421,913	18,320,317
Residents' Trust Funds held on deposit	235,060	175,694
Replacement reserve (Note 2 and 8)	99,771	89,635
Capital assets (Notes 2 and 6)	27,958,847	26,519,861
	53,715,591	45,105,507
LIABILITIES		
Current		
Bank indebtedness (Note 7)	-	1,669,870
Payables and accruals	14,061,478	10,204,619
Accrued vacation pay	6,774,566	6,278,128
Other accrual benefits	2,803,540	2,451,206
Deferred contributions		
Operating	5,058,814	4,273,935
National Child Benefit (NCB) initiatives	2,509,330	2,606,526
Capital	19,692,628	15,977,573
Special purpose funds	602,325	700,299
Current portion of accrued severance pay	1,095,333	1,011,818
Current portion of long-term debt (Note 9)	1,253,092	112,791
	53,851,106	45,286,765
Residents' Trust Funds payable	235,060	175,694
Accrued severance pay, less estimated current portion	9,860,000	9,106,381
Replacement reserve (Note 2 and 8)	99,771	89,635
Long-term debt (Note 9)	1,113,455	2,367,399
Deferred contributions related to capital assets (Note 10)	24,686,370	23,075,849
	89,845,762	80,101,703
NET ASSETS (DEFICIENCY), PER ACCOMPANYING STATEMENT		
Net assets invested in capital assets	878,807	1,029,233
Net assets restricted for endowment purposes	994,317	994,317
Unrestricted net deficiency	(38,003,295)	(37,019,746)
	(36,130,171)	(34,996,196)
	53,715,591	45,105,507

Contingencies (Note 14)

Signed on behalf of the Board:

Trustee

Trustee

See accompanying notes to the Financial Statements

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)
YEAR ENDED MARCH 31, 2011

	2011				Total
	Invested in Capital Assets	Endowment Purposes	Unrestricted Operating	**Total 2011**	(restated - Note 11) 2010
	$	$	$	**$**	**$**
Balance beginning of year, as previously stated	936,700	994,317	(36,923,900)	**(34,992,883)**	(34,695,251)
Adjustment to net assets (Note 13)					(21,368)
Balance beginning, restated	936,700	994,317	(36,923,900)	**(34,992,883)**	(34,716,619)
Deficiency of revenues over expenses	(171,535)	-	(965,753)	**(1,137,288)**	(279,577)
Repayment of long term debt	113,642	-	(113,642)	**-**	-
Balance, end of year	878,807	994,317	(38,003,295)	**(36,130,171)**	(34,996,196)

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2011

	2011	2010 (restated - Note 11)
	$	$
Revenues		
Provincial plan	134,584,342	126,386,281
National Child Benefit	3,495,532	3,220,895
Transportation and Works	2,867,600	2,867,600
MCP physicians	16,253,930	13,948,164
Child Youth and Family Services Agreement	7,891,214	8,117,941
Inpatient	1,936,994	2,007,041
Outpatient	1,281,818	1,123,896
Long-term care	1,561,049	1,350,001
Other (Note 12)	13,828,123	9,156,886
	183,700,602	168,178,705
Expenses		
Administration	18,981,251	17,596,356
Support services	38,137,332	31,813,704
Nursing inpatient services	25,346,226	24,543,723
Ambulatory care services	19,123,247	18,512,131
Diagnostic and therapeutic services	15,235,916	14,456,800
Community and social services	46,723,086	43,151,980
Medical services	18,220,313	15,701,680
Research	84,174	118,341
Education	814,781	720,045
Undistributed	828,791	701,568
	183,495,117	167,316,328
Surplus before other operations	205,485	862,377
12 Unit Cottage Complex (net)	-	-
20 Unit Cottage Complex (net)	(22,409)	(14,106)
Grenfell Foundation Inc. (net)	90,906	169,624
	68,497	155,518
Surplus before non-shareable items	273,982	1,017,895
Non-shareable items		
Amortization of capital assets	4,547,972	4,184,347
Increase in accrued vacation pay	496,360	487,563
Increase in accrued severance pay	837,153	717,376
Amortization of deferred contributions	(4,470,215)	(4,091,814)
	1,411,270	1,297,472
Deficiency of revenues over expenses	(1,137,288)	(279,577)

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2011

	2011 $	2010 (restated - Note 11) $
Cash Flow		
Operations:		
Excess (deficiency) of revenues over expenses	(1,137,288)	(279,577)
Amortization of capital assets	4,641,750	4,275,253
Gain on disposal of assets	(1,500)	(1,785)
Amortization of deferred contributions	(4,470,215)	(4,091,814)
Unamortized contributions on assets disposed	-	(42,624)
	(967,253)	(140,547)
Changes in:		
Receivables	(5,523,454)	162,600
Inventories	(175,166)	(658,821)
Prepaid expenses	(991,931)	316,860
Payables and accruals	4,209,193	(1,734,395)
Accrued vacation pay	496,438	547,202
Deferred contributions relating to operating and NCB program	687,683	1,396,624
Accrued severance pay	837,154	837,026
	(1,427,336)	726,549
Investing Activities		
Proceeds from the sale of capital assets	1,500	1,785
Additions to capital assets	(6,080,735)	(7,664,401)
	(6,079,235)	(7,662,616)
Financing Activities		
Deferred contributions		
Capital	3,715,055	2,824,872
Special purpose funds	(97,974)	135,871
Repayment of long-term debt	(113,643)	(109,886)
Deferred contributions related to capital assets	6,080,735	7,657,830
	9,584,173	10,508,687
Net change in cash and cash equivalents for year	2,077,602	3,572,620
Cash and cash equivalents, beginning of year	496,794	(3,075,826)
Cash and cash equivalents, end of year	2,574,396	496,794

Cash and cash equivalents consists of:

	2011 $	2010 $
Cash and short-term investments	977,754	472,048
Restricted cash	1,596,642	1,694,616
Bank indebtedness (Note 7)	-	(1,669,870)
	2,574,396	496,794

1. NATURE OF OPERATIONS

The Labrador - Grenfell Health Regional Authority (the Authority) is incorporated under the Regional Health Authorities Act of Newfoundland and Labrador.

The Authority manages and operates all health facilities, services and programs in Northern Newfoundland and all of Labrador.

The Authority manages and controls the operations of the following facilities:

Labrador Health Centre, Happy Valley-Goose Bay
Harry L. Paddon Memorial Home, Happy Valley - Goose Bay
Captain William Jackman Memorial Hospital, Labrador City
Charles S. Curtis Memorial Hospital, St. Anthony
John M. Gray Centre, St. Anthony
St. Anthony Interfaith Home Apartment Complexes, St. Anthony

and all medical clinics, nursing stations, community health centres, facilities programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Authority is a registered charity under the Income Tax Act of Canada and is exempt from from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Basis of Presentation

These consolidated financial statements include the assets, liabilities, revenues, and expenses of the Authority's operarting fund, the 12 Unit Cottage Complex, the 20 Unit Cottage complex project and the Grenfell Foundation Inc.

Fund Accounting

The Authority applies fund accounting principles in recording its financial transactions in the operating fund, net investment in capital assets, the 12 Unit Cottage Complex, 20 Unit Cottage Complex and the Grenfell Foundation Inc.

The Operating fund contains all the operating assets, liabilities, revenues and expenses of the Authority related to the provision of health care services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

The Net investment in capital assets represents assets purchased for the use of the Operating Fund.

Assets, liabilities, revenues and expenses related to other operations are reported in the financial statements of the 12 Unit Cottage Complex, 20 Unit Cottage Complex and the Grenfell Foundation Inc.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Provincial plan revenues are recognized in the period in which entitlement arises. Revenue from MCP physician services, inpatient, outpatient, long term residents and community based services are recognized in the period services are provided. Revenue received for a future period is deferred until that future period and is recorded as deferred revenue.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates by which the related capital assets are amortized.

Inventories

Inventories consist of medical, surgical, general supplies, fuel oil, aircraft parts and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis and net realizable value.

Fuel oil, aircraft parts and drugs are valued at the lower of cost determined on a first-in, first-out basis and net realizable value.

Capital Assets

The Authority has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are being amortized on a declining balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	Not amortized

Replacement Reserve

Newfoundland and Labrador Housing Corporation (NLHC) requires that not-for-profit housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of capital assets. These funds may be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Severance Pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employees who has less than nine years of continual service.

Pension and Other Post Employment Benefits

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis and amounted to $5,044,548 for the current year (2010 -$4,672,498).

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Financial instruments

Financial asset and liabilities are classified according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. The fair value of a financial instrument is the estimated amount that would be received or would be paid to terminate the instruments agreement at the reporting date. Various market value data and other valuation techniques are used as appropriate to estimate the fair value of each type of financial instrument.

Financial instruments and liabilities are generally classified and measured as follows:

Assets/Liability	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

3. CONTROL OF NOT-FOR-PROFITS

The Authority controls the Grenfell Healthcare Foundation Inc. which raises funds for capital equipment needs for the Authority. The foundation is incorporated under the Corporations Act of Newfoundland and Labrador and is a registered charity under the Income Tax Act.

The Authority also controls the St. Anthony 12 Unit Cottage Complex and the St. Anthony 20 Unit Cottage Complex. These complexes were established to provide accommodations for family members of patients and housing to senior citizens.

4. RESTRICTED CASH

	2011 $	2010 $
Cash is currently restricted to fund the following items:		
Deferred contributions - special purpose funds	602,325	700,299
Endowment Fund	994,317	994,317
	1,596,642	1,694,616

5. RECEIVABLES

	2011 $	2010 $
Government of Newfoundland and Labrador	13,652,864	6,154,485
Government of Canada	540,341	1,896,761
Patients	1,638,194	2,319,766
Other	1,626,872	1,560,492
	17,458,271	11,931,504

6. CAPITAL ASSETS

	2011 $			2010 $
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	11,203	-	11,203	11,203
Land improvements	187,061	156,467	30,594	32,029
Buildings	26,432,630	15,088,842	11,343,788	11,327,736
Leasehold improvements	223,678	88,118	135,560	142,695
Equipment and vehicles	60,133,929	43,891,941	16,241,988	14,810,484
Artwork	195,714	-	195,714	195,714
	87,184,215	59,225,368	27,958,847	26,519,861

7. BANK INDEBTEDNESS

The Authority has access to a $15 million line of credit in the form of a revolving demand loan bearing interest at prime with the Royal Bank of Canada. The line of credit has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for $5 million up to $15 million with the first $10 million being unsecured.

At March 31, 2011 the balance owing was $ Nil.

8. REPLACEMENT RESERVE

	2011 $	2010 $
Balance, beginning of year	89,635	78,992
Add:		
Allocation for year	10,350	10,350
Adjustment	-	293
Interest earned	50	-
	100,035	89,635
Less:		
Approved expenses	-	-
Adjustment	264	-
Balance, end of year	99,771	89,635
Funding		
Replacement reserve funds	32,735	22,335
Due from Newfoundland and Labrador Housing Corporation for replacement reserve	67,036	67,300
	99,771	89,635

9. LONG-TERM DEBT

	2011 $	2010 $
Canada Mortgage Housing Corporation		
10%, first mortgage on land and building of Harry L. Paddon Memorial Home, repayable $11,245 monthly, interest included, and maturing November 2029.	1,156,517	1,176,381
Newfoundland and Labrador Housing Corporation		
2.860% first mortgage on land and building of 20 unit apartment complex, repayable $6,357 monthly, interest included, and maturing January 2019.	550,189	612,032
4.31% first mortgage on land and building of 12 unit apartment complex, repayable $5,073 monthly, interest included, and maturing October 2025.	659,841	691,777
Long-term debt	2,366,547	2,480,190
Less: current portion	(1,253,092)	(112,791)
Total long-term debt, net of current portion	1,113,455	2,367,399

Subsequent to year end, the Canada Mortgage Housing Corporation mortgage was fully repaid.

9. LONG-TERM DEBT (continued)

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	$
2012	1,253,092
2013	99,908
2014	103,107
2015	106,673
2016	110,449

Interest Subsidy

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act. The purpose of the assistance is to reduce operating costs in order to enable the Authority to provide housing to low and moderate income individuals. The amount of assistance received in 2011 was $112,527 (2010 - $108,985).

10. UNAMORTIZED DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contributions for the year are as follows:

	2011 $	2010 $
Balance, beginning of year	**23,075,849**	19,548,457
Add:		
Equipment grants	**5,623,867**	7,398,261
Donations for equipment	**456,869**	263,569
	29,156,585	27,210,287
Less:		
Amortization	**(4,470,215)**	(4,091,814)
Unamortized contributions on assets disposed of	**-**	(42,624)
Balance, end of year	**24,686,370**	23,075,849

11. RESTATEMENT OF PRIOR YEAR

During the year, it was determined that non capital asset expenses and the associated funding were not recorded on the Statement of Operations. The grant funding and expenses were netted in deferred capital grants on the Statement of Financial Position. The effect of this retroactive restatement is an increase to revenue from capital funding of $2,061,110 and an increase in repairs, renovations and maintenance expense of the same amount. This adjustment does not have an impact on opening unrestricted net assets.

12. OTHER REVENUE

	2011 $	2010 $
Drug recoveries	3,238,304	3,066,161
Dental	1,114,485	1,113,544
Rentals	902,730	830,831
Mortgage interest subsidy	25,205	25,205
Interest	117,801	35,388
Unamortized contribution on assets disposed of	-	42,624
Miscellaneous	8,429,598	4,043,133
	13,828,123	9,156,886

13. ADJUSTMENT TO NET ASSETS

During the prior year, an accounting error was recorded to unrestricted net assets and receivables from the 12 Unit Cottage Complex and 20 Unit Complex.

The adjustment to the accounts is as follows:

Increase Due from 12 Unit Cottage Complex	3,315
Increase Due from 20 Unit Cottage Complex	18,053
Increase in unrestricted net assets	(21,368)
	-

14. CONTINGENCIES

As of March 31, 2011, there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

15. COMPARATIVE FIGURES

Certain of the comparative figures has been reclassified to conform to the current presentation.

The comparative figures were audited by Belanger Clarke Follett and McGettigan whose practice now operates under BDO Canada LLP.

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

BDO

Tel: 709 466 1515
Fax: 709 466 1510
www.bdo.ca

BDO Canada LLP
221D Memorial Drive
Clarenville NL A5A 1R3 Canada

Independent Auditor's Report

To the Trustees of
St. Anthony Interfaith Home 12 Unit Apartment Complex

We have audited the accompanying financial statements of St. Anthony Interfaith Home 12 Unit Apartment Complex which comprise the Statement of Financial Position as at March 31, 2011, and the Statement of Changes in Net Assets, Statement of Revenues and Expenses and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all operating material respects, the financial position of St. Anthony Interfaith Home 12 Unit Apartment Complex as at March 31, 2011 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

CHARTERED ACCOUNTANTS

Clarenville, Newfoundland and Labrador
June 13, 2011

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	2011	2010
	$	$
ASSETS		
Current		
Cash	40,306	36,315
Accounts receivable	1,161	1,097
Prepaid expenses	3,240	3,240
	44,707	40,652
Capital assets (Notes 2 and 3)	676,416	708,352
Due from Newfoundland and Labrador Housing Corporation (Note 4)	66,221	5,884
Due from Newfoundland and Labrador Housing Corporation for replacement reserve (Note 6)	67,036	67,300
	854,380	822,188
LIABILITIES		
Current		
Payables and accruals	2,418	2,534
Due to Labrador - Grenfell Regional Health Authority	109,085	44,577
Current portion of long-term debt (Note 5)	33,074	31,427
	144,577	78,538
Long-term debt, net of current portion (Note 5)	626,767	660,350
Replacement reserve fund (Note 6)	67,036	67,300
	838,380	806,188
NET ASSETS, PER ACCOMPANYING STATEMENT		
Unrestricted net assets	16,000	16,000
	854,380	822,188

Signed on behalf of the Board:

Trustee

Trustee

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011

	2011			
	Invested in Capital Assets	Unrestricted	Total 2011	Total 2010
	$	$	$	$
Balance, beginning of year	-	16,000	16,000	16,000
Excess (deficiency) of revenues over expenses	(31,935)	31,935	-	-
Repayment of long-term debt	31,935	(31,935)	-	-
Balance, end of year	-	16,000	16,000	16,000

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2011

	Budget	2011 Actual $	2010 Actual $
Revenues			
Rental	51,372	50,365	51,244
NLHC subsidy	60,541	68,133	64,591
Hydro recoveries	3,180	3,180	3,140
Laundry recoveries	1,440	1,440	1,420
Other recoveries	-	54,163	46,330
HST recoveries	2,400	1,161	1,097
Interest	-	93	-
	118,933	178,535	167,822
Expenses			
Amortization of capital assets	31,427	31,935	30,602
Heat and light	26,110	27,130	25,580
Insurance	2,040	1,259	1,092
Interest and bank charges	-	108	121
Interest on long-term debt	29,449	28,824	32,231
Management fees	5,340	5,000	5,000
Professional fees	2,800	2,500	2,500
Repairs, maintenance and janitorial (Note 7)	16,637	76,781	65,718
Snow clearing	810	678	658
Water and sewer	4,320	4,320	4,320
	118,933	178,535	167,822
Excess (deficiency) of revenues over expenses	-	-	-

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2011

	2011	2010
	$	$
Cash Flows		
Operations:		
Excess (deficiency) of revenues over expenses	-	-
Amortization of capital assets	31,935	30,602
	31,935	30,602
Changes in:		
Receivables	(64)	(1,097)
Payables and accruals	(115)	1,914
Due to Labrador - Grenfell Regional Health Authority	64,507	19,685
Due to Newfoundland and Labrador Housing Corporation	(60,337)	(2,700)
	35,926	48,404
Financing Activities		
Principal repayments	(31,935)	(30,602)
Net change in cash and cash equivalents for year	3,991	17,802
Cash and cash equivalents, beginning of year	36,315	18,513
Cash and cash equivalents, end of year	40,306	36,315
Cash Supplementary		
Interest paid	28,824	32,231

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

1. NATURE OF OPERATIONS

The St. Anthony Interfaith Home 12 Unit Apartment Complex is sponsored by the Labrador - Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the St. Anthony Interfaith Home 12 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

Capital Assets

Amortization is provided on land improvements and buildings at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

Replacement Reserve

NLHC maintains a consolidated Replacement Reserve Fund to maintain and account for replacement reserve funds for not-for-profit housing groups. NLHC provides the organization with an annual statement as of March 31, 2011 indicating its reserve balance.

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 6.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2011	2010
	$	$	$	$
Land	1	-	1	1
Land improvements	20,000	-	20,000	20,000
Buildings	955,047	311,050	643,997	675,373
Equipment	17,754	5,336	12,418	12,978
	992,802	316,386	676,416	708,352

4. DUE FROM (TO) NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2011	2010
	$	$
Due from (to) NLHC, beginning of the Year	5,884	3,184
Net Subsidy for the Year	68,133	64,591
Payments Received during the Year	(7,796)	(61,891)
Due from (to) NLHC, end of year	66,221	5,884

5. LONG-TERM DEBT

4.31% Newfoundland and Labrador Housing Corporation first mortgage on land and building; repayable in equal monthly installments of $5,073, interest included, maturing October 2025.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	$
2012	33,074
2013	34,528
2014	36,046
2015	37,631
2016	39,306

Interest Subsidy

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing Corporation in 2011 was $68,133 (2010 - $64,591).

6. REPLACEMENT RESERVE

	2011 $	2010 $
Balance, beginning	67,300	67,300
Less: Approved expenses	(264)	-
Balance, ending	67,036	67,300

7. REPAIRS AND MAINTENANCE

	2011 $	2010 $
Maintenance supplies	66,056	55,114
Salary	10,725	10,604
	76,781	65,718

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

BDO

Tel: 709 466 1515
Fax: 709 466 1510
www.bdo.ca

BDO Canada LLP
221D Memorial Drive
Clarenville NL A5A 1R3 Canada

Independent Auditor's Report

To the Trustees of
St. Anthony Interfaith Home 20 Unit Apartment Complex

We have audited the accompanying financial statements of St. Anthony Interfaith Home 20 Unit Apartment Complex which comprise the Statement of Financial Position as at March 31, 2011, and the Statement of Changes in Net Assets, Statement of Revenues and Expenses and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all operating material respects, the financial position of St. Anthony Interfaith Home 20 Unit Apartment Complex as at March 31, 2011 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

CHARTERED ACCOUNTANTS

Clarenville, Newfoundland and Labrador
June 13, 2011

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	2011 $	2010 $
ASSETS		
Current		
Cash	55,335	57,433
Accounts receivable	85,564	79,577
Prepaid expenses	5,400	5,400
	146,299	142,410
Replacement reserve cash (Note 4)	32,735	22,335
Capital assets (Notes 2 and 3)	553,911	615,755
	732,945	780,500
LIABILITIES		
Current		
Payables and accruals	1,473	1,508
Due to Labrador - Grenfell Regional Health Authority	377,237	350,905
Current portion of long-term debt (Note 5)	63,501	61,500
	442,211	413,913
Long-term debt, net of current portion (Note 5)	486,688	550,532
Replacement reserve fund (Note 4)	32,735	22,335
	961,634	986,780
NET ASSETS (DEFICIENCY), PER ACCOMPANYING STATEMENT		
Unrestricted net deficiency	(228,689)	(206,280)
	732,945	780,500

Signed on behalf of the Board:

Trustee

Trustee

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)
YEAR ENDED MARCH 31, 2011

	2011			
	Invested in Capital Assets	Unrestricted	Total 2011	Total 2010
	$	$	$	$
Balance, beginning of year	-	(206,280)	(206,280)	(192,174)
Excess (deficiency) of revenues over expenses	(61,843)	39,434	(22,409)	(14,106)
Repayment of long-term debt	61,843	(61,843)	-	-
Balance, end of year	-	(228,689)	(228,689)	(206,280)

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2011

	2011 $	2010 $
Revenues		
Rental	115,175	116,067
CMHC subsidy	19,189	19,189
CMHC project funding	5,987	79,577
Hydro recoveries	14,085	14,450
Cable television recoveries	5,109	4,547
Interest	130	-
	159,675	233,830
Expenses		
Allocation to replacement reserve	10,350	10,350
Amortization of capital assets	61,843	60,304
Cable television	3,809	3,943
Heat and light	44,910	39,695
Insurance	1,678	1,459
Interest and bank charges	191	196
Interest on long-term debt	16,461	19,628
Management fees	5,000	5,000
Professional fees	2,500	2,500
Property taxes	7,200	7,200
Repairs and maintenance (Note 6)	28,142	97,661
	182,084	247,936
Deficiency of revenues over expenses	(22,409)	(14,106)

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2011

	2011	2010
	$	$
Cash Flows		
Operations:		
Deficiency of revenues over expenses	(22,409)	(14,106)
Amortization of capital assets	61,843	60,304
	39,434	46,198
Changes in:		
Receivables	(5,989)	(79,577)
Payables and accruals	(32)	721
Due to Labrador - Grenfell Regional Health Authority	26,332	117,285
Replacement reserve	10,400	10,643
	70,145	95,270
Financing Activities		
Principal repayments	(61,843)	(60,304)
Net change in cash and cash equivalents for year	8,302	34,966
Cash and cash equivalents, beginning of year	79,768	44,802
Cash and cash equivalents, end of year	88,070	79,768

Cash and cash equivalents consists of:

	2011	2010
	$	$
Cash	55,335	57,433
Replacement reserve cash	32,735	22,335
	88,070	79,768

Cash Supplemantary		
Interest paid	16,461	19,628

1. NATURE OF OPERATIONS

The St. Anthony Interfaith Home 20 Unit Apartment Complex is sponsored by the Labrador - Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the St. Anthony Interfaith Home 20 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

Capital Assets

Amortization is provided on land improvements and buildings at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

Replacement Reserve

In accordance with the operating agreements with NLHC the Authority is required to fund a replacement reserve annually in the amount of $10,350. This allocation of funds is expensed annually and transferred to a separate bank account and added to the liability "Replacement Reserve".

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 4.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2011	2010
	$	$	$	$
Land	1	-	1	1
Land improvements	4,853	-	4,853	4,853
Buildings	1,271,266	722,209	549,057	610,901
	1,276,120	722,209	553,911	615,755

4. REPLACEMENT RESERVE

	2011 $	2010 $
Balance, beginning of year	22,335	11,692
Add:		
Allocation for year	10,350	10,350
Adjustment	-	293
Interest earned	50	-
	32,735	22,335
Less:		
Approved expenses	-	-
Balance, end of year	32,735	22,335

5. LONG-TERM DEBT

2.086% Newfoundland and Labrador Housing Corporation first mortgage on land and building, repayable in equal monthly installments of $6,537, interest included, maturing January 2019.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	$
2012	63,501
2013	65,380
2014	67,061
2015	69,042
2016	71,143

Interest Subsidy

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing Corporation in 2011 was $19,189 (2010 - $19,189).

6. REPAIRS AND MAINTENANCE

	2011 $	2010 $
Maintenance and supplies	12,064	87,421
Salary	14,384	8,594
Snow Clearing	1,694	1,646
	28,142	97,661

GRENFELL FOUNDATION INCORPORATED

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

BDO

Tel: 709 466 1515
Fax: 709 466 1510
www.bdo.ca

BDO Canada LLP
221D Memorial Drive
Clarenville NL A5A 1R3 Canada

Independent Auditor's Report

To the Trustees of
Grenfell Foundation Incorporated

We have audited the accompanying financial statements of Grenfell Foundation Incorporated which comprise the Statement of Financial Position as at March 31, 2011, and the Statement of Changes in Net Assets, Statement of Revenues and Expenses and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. We are unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, financial position of Grenfell Foundation Incorporated as at March 31, 2011, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The comparative figures were audited by Belanger Clarke Follett & McGettigan whose practice now operates under BDO Canada LLP.

BDO Canada LLP

Clarenville, Newfoundland and Labrador
June 13, 2011

CHARTERED ACCOUNTANTS

GRENFELL FOUNDATION INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	2011 $	2010 $
ASSETS		
Current		
Cash		
Unrestricted	490,223	382,300
Restricted for endowment purposes	778,231	778,231
Receivables	9,562	19,854
	1,278,016	1,180,385
LIABILITIES		
Current		
Due to Labrador - Grenfell Regional Health Authority	37,680	30,955
Deferred contributions	4,000	4,000
	41,680	34,955
NET ASSETS, PER ACCOMPANYING STATEMENT		
Net assets restricted for endowment purposes	778,231	778,231
Unrestricted net assets	458,105	367,199
	1,236,336	1,145,430
	1,278,016	1,180,385

Signed on behalf of the Board:

Trustee

Trustee

GRENFELL FOUNDATION INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011

	2011			
	Endowment Purposes	Unrestricted Operating	Total 2011	Total 2010
	$	$	$	$
Balance, beginning of year	778,231	367,199	1,145,430	975,806
Excess of revenues over expenses	-	90,906	90,906	169,624
Balance, end of year	778,231	458,105	1,236,336	1,145,430

See accompanying notes to the Financial Statements

GRENFELL FOUNDATION INCORPORATED
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2011

	2011 $	2010 $
Revenues		
Donations	130,204	178,189
Fundraising	23,974	27,937
Interest	32,065	39,385
Miscellaneous	2,058	1,696
	188,301	247,207
Expenses		
Advertising and promotion	231	6.126
Donations to Labrador - Grenfell Regional Health Authority (Note 3)	81,609	23,493
Fundraising	13,326	15,847
Office	1,936	3,269
Salaries and benefits	-	28,706
Supplies	293	142
	97,395	77,583
Excess of revenues over expenses	90,906	169,624

GRENFELL FOUNDATION INCORPORATED
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2011

	2011 $	2010 $
Cash Flows		
Operations:		
Excess of revenues over expenditures	90,906	169,624
Changes in:		
Receivables	10,292	(1,222)
Due to (from) operating fund	6,725	(154,288)
	107,923	14,114
Net change in cash and cash equivalents for year	107,923	14,114
Cash and cash equivalents, beginning of year	1,160,531	1,146,417
Cash and cash equivalents, end of year	1,268,454	1,160,531

Cash and cash equivalents consists of:

	2011 $	2010 $
Cash - unrestricted	490,223	382,300
Cash - restricted form endowment purposes	778,231	778,231
	1,268,454	1,160,531

1. NATURE OF OPERATIONS

The Foundation is incorporated under the laws of the Province of Newfoundland and Labrador and is a not-for-profit organization which raises funds to help the Labrador - Grenfell Regional Health Authority purchase capital equipment.

The Foundation is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Pledges

Revenue from pledges is recognized in the year received since donations are recorded on a cash basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

3. DONATIONS TO LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

	2011 $	2010 $
Equipment Purchases		
CT Scanner	100,000	-
Dialysis Unit	13,606	-
Scopes, pumps & monitors	31,389	4,721
Other equipment	10,515	46,895
Recoveries	(73,901)	(28,123)
	81,609	23,493

During the prior year, the Foundation funded several pieces of equipment at 100%, that should have been funded at 50%. During 2010 - 2011, Labrador Grenfell Health refunded these overpayments to the Foundation.

LABRADOR SCHOOL BOARD

AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS · BUSINESS ADVISORS

53 Bond Street, Suite 200
P.O. Box 8505
St. John's, NL
A1B 3N9
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AUDITORS' REPORT

To the directors of the Labrador School Board

We have audited the balance sheet of the current and capital funds of the Labrador School Board as at June 30, 2010 and the statements of current revenues, expenditures and board deficiency and changes in the capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 14 describes the accounting policy with respect to the board's capital assets. The note also indicates that the board is not amortizing its tangible capital assets, which is required in accordance with Public Sector Accounting Board standards, on the grounds that complete information to implement this change in policy for the year ended June 30, 2010 was not available at the date of these financial statements. In this respect the financial statements are not in accordance with Canadian generally accepted accounting principles.

In our opinion, except for the effects of the failure to record amortization as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Belanger Clarke Follett & McGettigan
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador
September 30, 2010

LABRADOR SCHOOL BOARD
BALANCE SHEET
AS AT JUNE 30, 2010

	2010 $	2009 $
ASSETS		
Current		
Cash (Supplementary Information 1)	2,708,171	243,613
Short-term investments (Supplementary Information 1)	510,218	3,617,944
Accounts receivable (Note 4)	4,975,559	5,082,781
Prepaid expenses (Supplementary Information 2)	59,516	52,552
	8,253,464	8,996,890
Capital assets (Schedule 8)	45,629,739	44,630,690
	53,883,203	53,627,580
LIABILITIES		
Current		
Bank indebtedness (Note 5)	-	-
Accounts payable and accrued liabilities (Note 6)	6,664,982	7,226,568
Current maturities (Schedule 9B)	163,500	163,500
	6,828,482	7,390,068
Long-term debt (Schedule 9)	464,742	639,659
Accrued support staff severance	890,145	850,319
Accrued teacher severance	5,935,453	5,725,965
Accrued executive staff paid leave (Note 8)	183,068	138,227
	14,301,890	14,744,238
Contingent liabilities (Note 13)		
BOARD EQUITY		
Investment in capital assets (Note 9)	45,639,061	44,640,012
Board deficiency (Note 10)	(6,118,520)	(5,880,342)
Restricted fund - Labrador West School Committee (Note 7)	60,772	123,672
	39,581,313	38,883,342
	53,883,203	53,627,580

Signed on behalf of the Board:

Director

Director

LABRADOR SCHOOL BOARD
STATEMENT OF CURRENT REVENUES, EXPENDITURES AND BOARD DEFICIENCY
YEAR ENDED JUNE 30, 2010

	2010	2009
	$	$
Current Revenues (Schedule 1)		
Local taxation	-	-
Provincial Government and other grants	39,496,579	42,156,714
Donations	-	-
Ancillary services	221,540	221,276
Miscellaneous	3,461,671	5,784,276
	43,179,790	48,162,266
Current Expenditures		
Administration (Schedule 2)	1,866,363	1,806,134
Instruction (Schedule 3)	33,911,746	38,118,770
Operations and maintenance (Schedule 4)	5,316,188	5,569,955
Pupil transportation (Schedule 5)	2,382,172	2,650,117
Ancillary services (Schedule 6)	213,675	209,119
Interest (Schedule 9C)	7,953	7,743
Miscellaneous (Schedule 7)	-	-
	43,698,097	48,361,838
Deficiency of revenues over expenditures before transfer to capital fund, teacher severance and teacher summer pay	(518,307)	(199,572)
Transfer to Capital Fund	-	(52,039)
Net decrease in board equity from operations	(518,307)	(251,611)
Teacher severance	(209,488)	(220,114)
Teacher summer pay	534,458	384,102
Executive staff paid leave	(44,841)	-
Net decrease in board equity	(238,178)	(87,623)
Board deficiency, beginning of year (Note 10)	(5,880,342)	(5,705,493)
Adjustments (Note 10)	-	(87,226)
Board deficiency, end of year (Note 10)	(6,118,520)	(5,880,342)
Board equity (deficiency) exclusive of teacher severance, teacher summer pay and executive staff paid leave for year:		
Board deficiency per above	(6,118,520)	(5,880,342)
Add: Accrued teacher severance	5,935,453	5,725,965
Add: Summer pay - teachers (Note 6)	3,432,320	3,877,688
Add: Executive staff paid leave	183,068	138,227
Revised board equity	3,432,321	3,861,538

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN CAPITAL FUND
YEAR ENDED JUNE 30, 2010

			2010 $	2009 $
70		Capital Receipt		
71		Proceeds from bank loans		
	014	School construction	-	-
	012	Equipment	-	-
	013	Service vehicles	-	-
	014	Pupil transportation	-	-
	015	Other - energy performance contracting	-	-
			-	-
72		EIC Grants		
	011	School construction and equipment	-	-
	013	Other	-	-
			-	-
73		Donations		
	011	Cash receipts	-	-
	012	Non-cash receipts	-	-
	013	Restricted use	-	-
			-	-
74		Sale of Capital Assets Proceeds		
	011	Land	-	-
	012	Buildings	-	6,128
	013	Equipment	-	-
	014	Service vehicles	-	-
	015	Pupil transportation vehicles	-	-
	016	Other	-	-
			-	-
75		Other Capital Revenues		
	011	Interest on capital fund investments	-	-
	012	Premiums on debentures	-	-
	013	Recoveries of expenditures	1,242,950	1,253,023
	015	Insurance proceeds	-	-
	017	Miscellaneous	-	-
			-	1,253,023
Total Capital Receipts				
77		Transfer from reserve account	-	-
78		Transfer to/from current fund	-	52,039
			-	52,039
Total			1,242,950	1,305,062

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN CAPITAL FUND
YEAR ENDED JUNE 30, 2010

			2010 $	2009 $
80		Capital Disbursements		
81		Additions to Capital Assets		
	011	Land and sites	208,441	-
	012	Building	1,034,509	1,182,460
	013	Furniture and equipment - school	-	-
	014	Furniture and equipment - other	-	-
	015	Services Vehicles	-	122,602
	016	Pupil transportation	-	-
	017	Other	-	-
			1,242,950	1,305,062
82		Principal Repayment of Loans		
	011	School construction	-	-
	012	Equipment	-	-
	013	Services vehicles	-	-
	014	Other - teachers' residences	-	-
			-	-
83		Miscellaneous Disbursements		
	013	Other	-	-
Total Capital Disbursements			1,242,950	1,305,062

SCHEDULE 1

LABRADOR SCHOOL BOARD
CURRENT REVENUES
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
Current Revenues				
31	010	Local Taxation		
	011	School taxes	-	-
32	010	Provincial Government and Other Grants		
	011	Regular operating grants	7,029,401	7,061,015
	011	Maintenance operating grant	807,590	509,200
	012	Special grants (details on bottom Schedule 1)	2,982,086	5,426,262
	013	Payroll tax	-	-
		Salaries and benefits		
	017	Directors and assistant directors	639,831	585,256
	021	Regular teachers	26,883,336	30,023,194
	021	Student assistants	636,591	711,739
	022	Substitute teachers	1,117,657	1,047,627
	030	Pupil Transportation		
	031	Board owned	2,382,173	2,218,683
	032	Contracted	-	-
	033	Special needs	-	-
	034	Other	442,651	297,674
33	010	Donations		
	012	Cash receipts	-	-
	013	Non-cash receipts	-	-
	014	Restricted use	-	-
34	010	Ancillary Services		
	011	Revenue from rental of residences	221,540	221,276
	015	Interest	36,934	60,340
	021	Revenues from rental of schools and facilities (net)	-	-
	022	Internally generated funds	-	-
	031	Cafeterias	-	-
	032	Other	-	-
			43,179,790	48,162,266

	2009 $	2008 $
Special Grants		
Fiscal Finance Agreement	2,333,468	2,324,564
Adult Basic Education	111,177	132,697
Natuashish grant	11,285	566,321
Sheshatshiu grant	95,325	1,436,261
Mining company	87,500	525,000
Francophone	66,030	48,000
French immerson	22,023	-
Grenfell	71,278	112,488
Aboriginal education and initiatives	184,000	280,931
	2,982,086	5,426,262

SCHEDULE 2

LABRADOR SCHOOL BOARD
ADMINISTRATION EXPENDITURES
YEAR ENDED JUNE 30, 2010

			2010 $	2009 $
51	011	Salaries and benefits - director and assistant directors	607,532	585,256
	012	Salaries and benefits - board office personnel	834,432	826,174
	013	Office supplies	28,487	20,507
	014	Replacement furniture and equipment	33,919	25,038
	015	Postage	6,248	11,495
	016	Telephone	46,013	34,055
	017	Office equipment rentals and repairs	12,566	5,870
	018	Bank charges	-	-
	019	Electricity	5,157	5,631
	021	Fuel	-	-
	022	Insurance	2,872	2,987
	023	Repairs and maintenance (office building)	-	2,257
	024	Travel	104,857	118,261
	025	Board meeting expenses	46,174	56,355
	026	Election expenses	26,553	-
	027	Professional fees	42,606	43,718
	028	Advertising	29,570	32,265
	029	Membership dues	22,072	21,030
	031	Municipal taxes	1,420	1,050
	034	Miscellaneous	1,866	460
	035	Payroll tax	14,019	13,725
			1,866,363	1,806,134

SCHEDULE 3

LABRADOR SCHOOL BOARD
INSTRUCTION EXPENDITURES
YEAR ENDED JUNE 30, 2010

			2010	2009
			$	$
52	010	Instructional salaries (gross)		
	011	Teachers' salaries - regular	23,616,024	26,642,122
	012	Teachers' salaries - substitute	969,181	904,836
	013	Teachers' salaries - board paid	157,768	138,791
	013	Teachers' salaries - student assistants	636,395	710,529
	014	Augmentation	47,500	285,038
	015	Employee benefits	4,005,602	4,037,255
	016	School secretaries - salaries and benefits	674,619	841,148
	017	Payroll tax	56,309	40,141
	018	Other instructional salaries and benefits	1,421,622	1,252,626
			31,585,020	34,852,486
52	040	Instructional materials		
	041	General supplies	443,651	574,682
	042	Library resource materials	-	10,596
	043	Teaching aids	93,790	120,016
	044	Textbooks	9,300	9,897
		Other (Note 12)	772,738	1,404,592
			1,319,479	2,119,783
52	060	Instructional furniture and equipment		
	061	Replacement	98,017	105,592
	062	Rentals and repairs	136,786	110,452
			234,803	216,044
52	080	Instructional staff travel		
	081	Program co-ordinators	70,204	156,858
	082	Teachers' travel	33,306	59,411
	083	In-service and conference	565,904	544,893
		Students' travel	-	6,758
			669,414	767,920
52	090	Other instructional costs		
	091	Postage and stationery	-	5,031
	092	Other - Francophone Board funds	2,666	13,391
		Other - Health and Community living	100,364	144,115
			103,030	162,537
			33,911,746	38,118,770

SCHEDULE 4

LABRADOR SCHOOL BOARD
OPERATIONS AND MAINTENANCE EXPENDITURES
YEAR ENDED JUNE 30, 2010

			2010 $	2009 $
53	011	Salaries and benefits - janitorial	1,147,043	1,276,318
	012	Salaries and benefits - maintenance	1,109,709	1,117,757
	013	Payroll tax	38,947	41,418
	014	Electricity	378,087	411,459
	015	Fuel	412,026	522,983
	016	Municipal service fees	55,316	71,446
	017	Telephone	138,149	136,622
	018	Vehicle operating and travel	47,890	28,882
	019	Janitorial supplies	201,061	216,892
	021	Janitorial equipment	27,071	4,255
	022	Repairs and maintenance - buildings	1,003,935	1,132,344
	023	Repairs and maintenance - equipment	6,074	4,157
	024	Contracted services - janitorial	92,643	42,886
	025	Snowclearing	128,199	166,082
	027	Other - mechanical water and sewer	243,487	146,574
	027	Other - salaries and benefits - computer technologies	283,940	248,207
	027	Other - maintenance occupation health and safety	2,611	1,673
			5,316,188	5,569,955

SCHEDULE 5

LABRADOR SCHOOL BOARD
PUPIL TRANSPORTATION EXPENDITURES
YEAR ENDED JUNE 30, 2010

			2010	2009
			$	$
54	010	Operations and Maintenance of Board Owned Fleet		
	011	Salaries and benefits - administration	178,800	158,385
	012	Salaries and benefits - drivers and mechanics	1,432,040	1,591,445
	013	Payroll tax	24,625	27,131
	014	Debt repayment - interest	14,606	33,722
	014	Debt repayment - principal	-	126,834
	017	Gas and oil	222,107	251,583
	018	Licenses	23,772	20,751
	019	Insurance	15,850	21,521
	021	Repairs and maintenance - fleet	219,497	183,928
	022	Repairs and maintenance - building	38,180	12,233
	023	Tires and tubes	36,583	22,784
	024	Heat and light	14,205	15,247
	025	Municipal services	3,462	1,443
	026	Snowclearing	12,708	18,514
	027	Office supplies	2,799	1,463
	029	Travel	7,938	12,832
	031	Professional fees	2,603	3,799
	032	Miscellaneous	3,368	2,194
	033	Telephone	26,267	31,384
		Rent	78,911	78,911
		Occupational health and safety training	264	1,193
			2,358,585	2,617,297
54	040	Contracted Services		
	041	Regular transportation	15,557	24,570
	042	Handicapped	8,030	8,250
			2,382,172	2,650,117

SCHEDULE 6

LABRADOR SCHOOL BOARD
ANCILLARY SERVICES
YEAR ENDED JUNE 30, 2010

			2010 $	2009 $
55		Ancillary Services		
	011	Operation of teachers' residence	213,675	209,119
	013	Janitorial	-	-
	031	Cafeterias	-	-
	032	Other	-	-
			213,675	209,119

LABRADOR SCHOOL BOARD
MISCELLANEOUS EXPENDITURES
YEAR ENDED JUNE 30, 2010

	2010 $	2009 $
57 001 Miscellaneous	-	-

SCHEDULE 8

LABRADOR SCHOOL BOARD
DETAILS OF CAPITAL ASSETS
YEAR ENDED JUNE 30, 2010

			Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
			$	$	$	$
Land and sites						
12	210	Land and Sites	173,221	57,803	-	231,024
	211	Pavement	-	150,638	-	150,638
			173,221	208,441	-	381,662
12	220	Buildings				
	221	Schools	36,586,838	604,875	-	37,191,713
	222	Administration	283,947	-	-	283,947
	223	Residential	2,403,914	429,634	-	2,833,548
	224	Recreation	-	-	-	-
	225	Other - maintenance	263,899	-	-	263,899
			39,538,598	1,034,509	-	40,573,107
12	230	Furniture and equipment	2,852,466	-	-	2,852,466
12	240	Vehicles				
	241	Service vehicles	-	-	-	-
12	250	Pupil Transportation				
	251	Land	-	-	-	-
	252	Building	-	-	-	-
	253	Vehicles - buses	1,889,057	-	243,901	1,645,156
	254	Vehicles - service	177,348	-	-	177,348
	255	Equipment	-	-	-	-
	256	Other	-	-	-	-
			2,066,405	-	243,901	1,822,504
12	260	Miscellaneous Capital				
	261	Other	-	-	-	-
Total Capital Assets			44,630,690	1,242,950	243,901	45,629,739

SCHEDULE 9

LABRADOR SCHOOL BOARD
DETAILS OF LONG-TERM DEBT
YEAR ENDED JUNE 30, 2010

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador

		2010 $	2009 $
22 210	Loans Other Than Pupil Transportation		
Reference Number			
211	Bank Loans		
	Prime minus __ , repayable __ monthly, repaid during year	-	-
212	Mortgages		
	____, repayable $____, monthly, maturing	-	-
	____, repayable $____, monthly, maturing	-	-
	____, repayable $____, monthly, maturing	-	-
Total 212		-	-
213	Vehicles		
	____, repayable $____, monthly, maturing		
	____, repayable $____, monthly, maturing	-	-
Total 213		-	-
214	Other		
	____, repayable $____, monthly, maturing	-	-
Subtotal		-	-
216	Less: Current Maturities	-	-
Total Loans Other than Pupil Transportation		-	-

SCHEDULE 9

LABRADOR SCHOOL BOARD
DETAILS OF LONG-TERM DEBT
YEAR ENDED JUNE 30, 2010

		2010 $	2009 $
22 220	Loans - Pupil Transportation		
Reference Number			
221	Vehicle Bank Loans		
	Prime minus .25%, repayable $2,172 monthly, maturing 2013	76,018	102,080
	Prime minus .25% repayable $2,517 monthly, maturing 2012	60,241	90,447
	Prime minus .25%, repayable $1,696 monthly, maturing 2015	106,841	127,192
	Prime minus .25%, repayable $581 monthly, maturing 2014	27,882	34,853
	Prime minus .25%, repayable $3,137 monthly, maturing 2011	29,583	78,826
	Prime minus .25%, repayable $598 monthly, maturing 2018	41,181	48,177
	Prime minus .25%, repayable $2,924 monthly, maturing 2018	286,496	321,584
Subtotal		628,242	803,159
223	Less: Current Maturities	163,500	163,500
Total Loans - Pupil Transportation		464,742	639,659
Total Long-term Debt		464,742	639,659

SCHEDULE 9A

LABRADOR SCHOOL BOARD
SUMMARY OF LONG-TERM DEBT
YEAR ENDED JUNE 30, 2010

Description	Rate	Balance June 30, 2009	Loans Obtained During Year	Principal Repayment For Year	Balance June 30, 2010
	%	$	$	$	$
(A) School construction		-	-	-	-
(B) Equipment		-	-	-	-
(C) Service vehicles		-	-	-	-
(D) Other		-	-	-	-
(E) Bus acquisition	Prime - 0.25	803,159	-	174,917	628,242
Total Loans		803,159	-	174,917	628,242
Less: Current Maturities					163,500
Total Loans					464,742

SCHEDULE 9B

LABRADOR SCHOOL BOARD
SCHEDULE OF CURRENT MATURITIES
YEAR ENDED JUNE 30, 2010

Description	2011 $	2012 $	2013 $	2014 $	2015 $
(A) School construction	-	-	-	-	-
(B) Equipment	-	-	-	-	-
(C) Service Vehicles	-	-	-	-	-
(D) Other	-	-	-	-	-
(E) Pupil transportation	163,500	129,223	93,478	69,588	58,952
Total	163,500	129,223	93,478	69,588	58,952

LABRADOR SCHOOL BOARD
SCHEDULE OF INTEREST EXPENDITURES
YEAR ENDED JUNE 30, 2010

		2010 $	2009 $
Description			
012	Capital		
	School construction	-	-
	Equipment	-	-
	Service vehicles	-	-
	Other - teachers' residences	-	-
	Pupil transportation	-	-
		-	-
Total Capital			
013	Current - operating loans	-	14
	Current - supplier interest charges	7,953	7,729
Total current		7,953	7,743
Total Interest Expense		7,953	7,743

LABRADOR SCHOOL BOARD
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

			2010 $	2009 $
1.		Cash		
		Current		
11	110	Cash on hand and in bank		
	111	Cash on hand	1,000	1,000
	112	Bank - current	(3,870)	
	113	Bank - savings - Labrador West School Committee	-	63,982
		- Funds in trust	-	182,762
	113	Bank - teachers' payroll	2,712,076	-
	114	Bank - teachers' payroll	(1,035)	-
	115	Bank - non teachers' payroll	-	(4,131)
	116	Bank - coupon (debenture)	-	-
		Capital		
11	210	Cash on Hand and in Bank	-	-
	211	Cash on Hand and in Bank	-	-
	212	Bank - current	-	-
	213	Bank - savings	-	-
	214	Bank - other	-	-
Total Cash on Hand and in Bank			2,708,171	243,613
2.		Short Term Investments		
		Current		
11	121	Term deposits	510,218	3,617,944
	122	Canada Savings Bonds	-	-
	123	Other	-	-
		Capital		
11	221	Term deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-
Total Short Term Investments			510,218	3,617,944

LABRADOR SCHOOL BOARD
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

			2010 $	2009 $
3.		Prepaid Expenses		
		Current		
11	141	Insurance	6,700	-
	142	Municipal services fees	17,400	12,270
	143	Supplies	-	-
	144	Other - WHSCC	-	-
	144	Other - travel	-	-
	144	Other - miscellaneous	35,416	40,282
		Capital		
11	241	Other	-	-
			59,516	52,552

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

1. DESCRIPTION OF OPERATIONS

The Labrador School Board is a learning organization which is mandated to organize and administer primary, elementary and secondary education within the school board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds, depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are mostly recorded as capital revenues.

(b) The Board does not calculate or record amortization on any of its capital assets.

(c) As a result of the amalgamation of former school boards to form the Labrador School Board, described below, historical cost information related to capital assets is not always available.

In instances where the historical cost of a capital assets is unknown, only the proceeds received on the disposition of the capital assets are credited to the capital assets account.

If the historical cost of a capital asset is known, the disposition of the capital assets is recorded by removing the full cost of the asset from the capital asset account.

(d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.

(e) Principal repayment of Pupil Transportation Loans are recorded as current expenditures. All other principal repayment of bank loans are recorded as capital expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Severance Pay

The Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights or, in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education.

Executive staff paid leave

Executive staff paid leave is paid through the Department of Education.

Other

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador. The amalgamation was accounted for using the pooling of interests method where by the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The school board's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, long-term debt, accrued support staff severance, accrued teacher severance and accrued executive staff paid leave. Unless otherwise noted, it is management's opinion that the school board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

4. ACCOUNTS RECEIVABLE

			2010 $	2009 $
		Current		
11	131	Provincial Government Grant	4,126,938	4,895,384
	132	Transportation	-	-
	133	Federal Government	747,789	109,453
	134	School taxes	-	-
	136	Other School Boards	-	-
	137	Rent	-	-
	138	Interest	-	-
	139	Travel advances and miscellaneous	100,832	77,944
		Capital		
11	231	EIC - construction grants	-	-
	233	Local contributions	-	-
	234	Other School Boards	-	-
	235	Other - Department of Education	-	-
			4,975,559	5,082,781
	Less:	Allowance for uncollectible Government Grants	-	-
			4,975,559	5,082,781

5. BANK INDEBTEDNESS - CURRENT

			2010 $	2009 $
21	131	On operating credit	-	-
	132	On current account	-	-
			-	-

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

			2010 $	2009 $
		Current		
21	111	Trade payables	529,995	567,268
	112	Accrued - liabilities	34,729	24,700
	113	Accrued - interest	-	-
	114	Accrued - wages	186,752	90,844
	115	Payroll deductions	62,471	155,175
	116	Retail sales tax	-	-
	117	Deferred grants	2,418,715	2,510,893
	119	Summer pay - teachers	3,432,320	3,877,688
	122	Department of Education	-	-
		Capital		
21	211	Trade payables	-	-
	212	Accrued - liabilities	-	-
	213	Accrued - interest	-	-
	217	Deferred grants	-	-
	218	Other	-	-
			6,664,982	7,226,568

7. RESTRICTED FUND

	2010 $	2009 $
Labrador West School Committee	60,772	123,672

The restricted surplus represents unexpended funding set aside for the benefit of the Labrador West School Committee. The available funds must be spent in Labrador West.

8. ADJUSTMENT TO PRIOR YEAR

An adjustment was required to report an accrued executive staff paid leave liability for the period ended June 30, 2010. The adjustment arose as a result of a requirement by the Department of Education of the Government of Newfoundland and Labrador.

As a result of the adjustment, the comparative figure for the accrued executive staff paid leave liability of $138,227 is also reported.

Adjustments to the board deficiency are disclosed in Note 10.

9. INVESTMENT IN CAPITAL ASSETS

	2010	2009
	$	$
Balance, beginning, as previously reported	44,640,012	43,341,077
Transfer of operating funds to capital fund	-	-
Principal repayment of housing loan	-	-
Proceeds from bussing loans (net)	-	-
Addition to schools	1,242,950	1,182,460
Purchase of service vehicle	-	122,603
	45,882,962	44,646,140
Deduct adjustments:		
Cost of assets sold		
Land	-	-
Buildings	-	6,128
Buses	243,901	-
Service vehicles	-	-
23 221 Balance, ending	45,639,061	44,640,012

10. BOARD DEFICIENCY

	2010 $	2009 $
Balance, beginning As previously reported	(5,880,342)	(5,705,493)
Adjustment in current year:		
Correction re prior year (Note 8)	-	(138,227)
Transfer of deficit to North Coast Housing Program	-	49,500
Other adjustments - receivables	-	1,501
	(5,880,342)	(5,792,719)
Excess (deficiency) of revenue over expenditures	(238,178)	(87,623)
Balance, ending	(6,118,520)	(5,880,342)

The Board deficiency is comprised as follows:

	2010 $	2009 $
Deficit upon amalgamation at January 1, 1997	(504,281)	(504,281)
Deficits that are the responsibility of the Department of Education:		
Teachers' severance	(5,935,453)	(5,725,965)
Executive staff paid leave	(183,068)	(138,227)
Surplus attributable to Board operations since amalgamation	504,282	488,131
Board deficiency, end of year	(6,118,520)	(5,880,342)

11. COMMITMENTS

At the balance sheet date, the Board has the following commitments:

The Board has entered into various lease agreements with estimated future payments for the next two years as follows:

	$
2011	36,180
2012	31,315

12. OTHER INSTRUCTIONAL MATERIALS

	2010 $	2009 $
Native Peoples	72,387	76,277
Labrador Studies	27,547	49,830
Modern Technology	124,569	210,637
Teacher Orientation - North Coast	25,864	3,470
Creative Arts Festival	16,141	30,776
Lifeskills Program	39,560	20,793
Special Projects - Housing	216,248	184,766
Innu - Sheshatshiu	19,873	186,373
Labrador North Sports Meet	30,618	31,877
Mushuau Innu Natuashish	8,748	473,735
Grenfell Library Program	149,399	111,872
Labrador West Funds	24,625	1,189
Music Supplies	5,049	3,998
Stepping Into the Future	12,110	18,999
	772,738	1,404,592

13. CONTINGENT LIABILITIES

The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by various churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the Board is not known.

A human rights complaint has been filed against the Board. A response to this complaint has been filed on behalf of the Board. The Board is awaiting a determination by the Human Rights Commission as to whether the complaint will be referred to a Board of Enquiry.

14. OTHER

At the balance sheet date the Board was in the process of compiling information related to its capital assets which will allow it to change its accounting policy related to the reporting of capital assets.

When the change in the accounting policy is implemented, the Board will record amortization of its tangible capital assets in accordance with Public Sector Accounting Board standards.

Complete information to implement this change in policy for the year ended June 30, 2010 was not available at the date of these financial statements. It is anticipated that this change in accounting policy will be implemented for the year ending June 30, 2011.

15. MANAGING CAPITAL

The Board is subject to externally imposed capital management requirements pursuant to its credit facility. These requirements are consistent with normal commercial debt terms. Management acts to ensure that the company complies with the requirements and is not aware of any violations that would result in the bank taking any actions against the Board.

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

31 MARCH 2011

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Livestock Owners Compensation Board
Corner Brook, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund which comprise the statement of financial position as at 31 March 2011, and the statement of revenues, expenses and deficit for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Report (cont.)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2011, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
28 June 2011

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF FINANCIAL POSITION

31 March	2011	2010
ASSETS		
Current		
Cash	$ 4,349	$ 5,016
Accounts receivable	1,400	1,200
	$ 5,749	$ 6,216
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,403	$ 1,203
Equity		
Contributions – Province of Newfoundland and Labrador	78,895	78,895
Deficit	(74,549)	(73,882)
	4,346	5,013
	$ 5,749	$ 6,216

See accompanying notes

Signed on behalf of the Board:

C. McDonald
Chairperson

Gerald Wicks
Member

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	2011	2010
REVENUES		
Province of Newfoundland and Labrador Payments on behalf of the Board for administration (Note 2)	$ 8,428	$ 8,978
Premiums from livestock owners	1,001	884
	9,429	9,862
EXPENSES		
Bank charges	3	5
Indemnity claims	1,665	7,595
Professional services (Note 2)	1,700	1,500
Salaries (Note 2)	6,728	7,478
	10,096	16,578
Excess of expenses over revenues	(667)	(6,716)
Deficit, beginning of year	(73,882)	(67,166)
Deficit, end of year	$ (74,549)	$ (73,882)

See accompanying notes

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2011

Authority

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

1. Summary of accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Payments on behalf of the Board for administration

The Board is administered by employees of the Department of Natural Resources. Salary costs of $6,728 (2010 - $7,478) and professional services cost of $1,700 (2010 - $1,500) applicable to the operation of the Board have been paid by the Department and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

3. Economic dependence

As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

4. Financial instruments

The Board's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

5. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Financial Statements

Year Ended April 30, 2011

BDO

Tel: 709 634 1590
Fax: 709 634 1599
www.bdo.ca

BDO Canada LLP
50 Main Street
Suite 300
Corner Brook NL A2H 1C4 Canada

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Marble Mountain Development Corporation

We have audited the accompanying financial statements of Marble Mountain Development Corporation, which comprise the balance sheet as at April 30, 2011 and the statements of income, deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information..

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal controls as management·considers is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted out audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statemetns are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the balance sheet of Marble Mountain Development Corporation as at April 30, 2011 and the results of its income and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited under Belanger Clarke Follett & McGettigan Chartered Accountants whose practice now operates under BDO Canada LLP.

BDO Canada LLP
CHARTERED ACCOUNTANTS

Corner Brook, Newfoundland and Labrador
June 27, 2011

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Balance Sheet

As at April 30, 2011

	2011	2010
Assets		
Current		
Cash	$ 7,140	$ 6,636
Accounts receivable	68,828	95,116
Inventory *(Note 2)*	57,617	38,899
Prepaid expenses	18,754	40,598
	152,339	181,249
Capital assets *(Notes 2, 4)*	15,708,338	16,477,697
Deferred charges *(Note 2)*	14,506	-
	$ 15,875,183	$ 16,658,946
Liabilities		
Current		
Bank indebtedness *(Note 5)*	$ 1,889,203	$ 1,269,879
Accounts payable and accrued liabilities *(Note 6)*	631,388	215,654
Current portion of obligations under capital lease *(Note 9)*	74,431	100,621
Deferred revenue	21,630	22,741
Deferred grant *(Note 8)*	-	800,000
Current portion of long term debt *(Note 14)*	-	13,967
	2,616,652	2,422,862
Long term debt *(Note 14)*	300,000	286,033
Obligations under capital lease *(Note 9)*	127,926	181,531
Deferred government assistance *(Notes 2, 7)*	5,595,903	5,498,056
	8,640,481	8,388,482
Shareholder equity		
Contributed surplus	23,130,703	23,130,703
Deficit, as restated	(15,896,001)	(14,860,239)
	7,234,702	8,270,464
	$ 15,875,183	$ 16,658,946

Contingent liability *(Note 10)*

Lease committments *(Note 11)*

On behalf of the Board

____________________ *Director*

____________________ *Director*

See accompanying notes to financial statements.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Statement of Deficit

Year Ended April 30, 2011

	2011	2010
Deficit - beginning of year, as restated	**$ (14,860,239)**	$ (13,816,343)
Excess of expenses over revenue	**(163,059)**	(146,028)
	(15,023,298)	(13,962,371)
Amortization	**872,703**	897,868
Deficit - end of year	**$ (15,896,001)**	$ (14,860,239)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Statement of Income

Year Ended April 30, 2011

	2011	2010
Income (loss) from operations		
Lift Operations *(Schedule 1)*	$ **(514,164)**	$ (522,489)
Rental and Repair Shop *(Schedule 2)*	**141,740**	157,849
Cafeteria *(Schedule 3)*	**9,271**	7,147
Bar *(Schedule 4)*	**41,276**	25,647
Ski School *(Schedule 5)*	**13,879**	(1,441)
Events *(Schedule 6)*	**42,803**	83,533
Marketing *(Schedule 7)*	**(82,178)**	(65,448)
Marble Villa *(Schedule 8)*	**135,437**	131,057
Operating grant	**400,000**	401,247
	188,064	217,102
Expenses		
Administration	**18,110**	18,612
Advertising	**2,672**	2,285
Bad debts	**6,390**	-
Board and committee meetings	**5,117**	1,273
Communications	**11,311**	11,187
Directors fees *(Note 12)*	**5,480**	5,715
Interest and bank charges	**75,404**	34,324
Interest on capital leases	**21,324**	28,181
Labour services	**186,030**	244,049
Miscellaneous	**1,381**	1,384
Professional fees	**7,000**	9,188
Travel and conference	**10,904**	6,932
	351,123	363,130
Excess of expenses over revenue	$ **(163,059)**	$ (146,028)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Statement of Cash Flows
Year Ended April 30, 2011

	2011	2010
Operating activities		
Cash receipts from customers	$ 2,258,156	$ 2,482,379
Cash paid to suppliers and employees	(2,248,756)	(3,026,370)
Interest paid	(142,925)	(106,799)
Cash flow used by operating activities	(133,525)	(650,790)
Investing activities		
Purchase of capital assets	(412,200)	(194,229)
Proceeds on disposal of capital assets	6,700	-
Cash flow used by investing activities	(405,500)	(194,229)
Financing activities		
Proceeds (repayment) of bank indebtedness	619,324	(620,910)
Proceeds from obligations under capital lease	28,685	11,053
Repayment of obligations under capital lease	(108,480)	(145,627)
Operating grant	-	800,000
Capital grant	-	800,000
Cash flow from financing activities	539,529	844,516
Increase (decrease) in cash flow	504	(503)
Cash - beginning of year	6,636	7,139
Cash - end of year	$ 7,140	$ 6,636
Cash consists of:		
Cash	$ 7,140	$ 6,636

1. Description of operations

The Corporation is a "Non-Profit Development Corporation" incorporated under the Corporations Act of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares. The Corporation is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Summary of significant accounting policies

Inventory

Inventory is valued at the lower of cost and net realizable value.

Capital assets

Capital assets purchased by the Corporation are accounted for at cost. Donated assets are recorded at the estimated fair market value. Amortization is provided for on a straight-line basis over the estimated life of the assets as follows:

Area improvements	30 years
Buildings	15-40 years
Computer equipment	3 years
Equipment under capital lease	10 years
Furniture and fixtures	5 years
Lifts	30 years
Rental equipment	3 years
Signs	5 years
Vehicles	3-20 years

Deferred charges

Deferred charges represent the unamortized cost of purchasing uniforms for snow school instructors. Amortization of the deferred charge is provided on the straight-line basis over 3 years and is recorded as ski patrol expense in lift operations.

Government assistance and other contributions

Provincial government grants and other contributions related to the acquisition of capital assets are accounted for as contributed surplus. Federal government grants and other contributions related to the acquisition of capital assets are recorded as deferred government grants and amortized to income in relationship to the amortization of the asset involved. Government assistance and other contributions related to capital assets retired from service are credited against the related capital asset in the year of retirement.

Government grants related to operations are accounted for as revenue or as a reduction of the expense to which the grant relates.

(continues)

2. Summary of significant accounting policies *(continued)*

Revenue Recognition

We recognize revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- our ability to collect is reasonably assured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets and goodwill. Actual results could differ from these estimates.

Financial risk management objectives and policies

The corporation's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variances from expectations leading to changes in risk management activities, requirements and actions. As part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the corporation's exposure.

3. Financial instruments

The Corporation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, obligations under capital leases, and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

4. Capital assets

	Cost	Accumulated amortization	**2011 Net book value**	2010 Net book value
Area improvements	$ 12,322,890	$ 7,196,972	**$ 5,125,918**	$ 5,501,363
Buildings	10,982,325	4,266,753	**6,715,572**	6,655,928
Computer equipment	24,307	19,644	**4,663**	10,891
Equipment under capital lease	910,731	351,666	**559,065**	618,779
Furniture and fixtures	805,334	777,446	**27,888**	41,281
Lifts	4,998,991	2,913,651	**2,085,340**	2,253,946
Rental equipment	281,705	251,385	**30,320**	45,155
Signs	106,540	106,540	**-**	-
Vehicles	5,522,181	4,362,609	**1,159,572**	1,350,354
	$ 35,955,004	$ 20,246,666	**$ 15,708,338**	$ 16,477,697

5. Bank indebtedness

	2011	2010
Outstanding cheques in excess of funds on deposit	**$ -**	$ 137,384
Line of credit	**1,889,203**	1,132,495
	$ 1,889,203	$ 1,269,879

The line of credit is authorized in the amount of $2,087,000 and bears interest at the rate of bank prime plus 0%. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors.

6. Accounts payable and accrued liabilities

	2011	2010
Trade	**$ 406,213**	$ 177,728
Harmonized sales tax payable	**89,654**	(3,134)
Payroll deductions payable	**131,519**	34,141
Wages payable	**4,000**	6,913
	$ 631,386	$ 215,648

7. Deferred government assistance - capital assets

	2011	2010
Balance, at beginning of year	**$ 5,498,056**	$ 5,791,833
Plus: deferred government assistance received for the year	**400,000**	-
Less: amount transferred to income by reduction of amortization expense for the year	**(302,153)**	(293,777)
Balance, at end of year	**$ 5,595,903**	$ 5,498,056

8. Government assistance and other contributions - operations

Province of Newfoundland and Labrador - Operating grant

For the year ended April 30, 2011, an administrative operating grant of $400,000 (2010 - $400,000) was approved and received. For the year ended April 30, 2011, a capital grant of $400,000 (2010 - $400,000) was received and recorded as deferred government assistance (2010 - contributed surplus).

The above administrative operating grant is subject to the terms and conditions as outlined in the contribution agreement

9. Obligations under capital lease

	2011	2010
Alter Moneta Leasing, repaid during the year	$ -	$ 32,384
National Leasing, repaid during the year	-	12,966
National Leasing, bearing interest at 8.45% per annum, repayable in monthly blended payments of $6,166. The lease matures on November 30, 2013 and is secured by a charge over specific equipment.	**171,188**	228,080
National Leasing, bearing interest at 8.723% per annum, repayable in monthly blended payments of $908. The lease matures on December 1, 2013 and is secured by a charge over specific equipment.	**25,854**	-
National Leasing, bearing interest at 3.86% per annum, repayable in monthly blended payments of $307. The lease matures on December 1, 2012 and is secured by specific equipment.	**5,315**	8,722
	202,357	282,152
Amounts payable within one year	**(74,431)**	(100,621)
	$ 127,926	$ 181,531

Future minimum capital lease payments are approximately:

2012	$ 74,431
2013	78,917
2014	49,009
Total minimum lease payments	$ 202,357

The imputed interest over this three-year period is $23,343.

10. Contingent liability

As at April 30, 2011, a supplier had claimed that the Corporation owed it approximately $70,005 for services rendered. The Corporation's management feels the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Corporation has not recorded a provision for losses that may result from the claim.

11. Lease committments

The Corporation leases equipment under a long-term operating lease which expires in 2012. The future minimum lease payments required under this long-term lease is approximately as follows:

2012	$ 2,398

12. Related party transactions

During the year ended April 30, 2011, director's fees of $5,480 (2010 - $5,715) were paid in aggregate to the Board of Directors of the Corporation.

13. Prior period adjustment

A prior period adjustment has been made to reflect an understatement of an accounts payable for a Health and Post-Secondary Education Tax (HAPSET) assessment for the period of January 1, 2005 to December 31, 2008. The financial statement amounts that are presented for comparative purposes have been restated to reflect these adjustments as follows:

Increase in accounts payable and accrued liabilities	$ 41,041
Increase in interest and bank charges expense	(4,455)
Net increase in 2010 deficit, beginning of year	36,586
2010 deficit, beginning of year, as previously reported	13,779,757
Net increase in deficit from prior period adjustment	36,586
2010 deficit, beginning of year as restated	$ 13,816,343

14. Long term debt

	2011	2010
Department of Innovation, Trade and Rural Development, non-interest bearing and repayable in annual installments based on 20% of available cash flow. Due 2015.	$ 300,000	$ 300,000
Amounts payable within one year	-	(13,967)
	$ 300,000	$ 286,033

(continues)

14. Long term debt *(continued)*

Principal repayment terms are approximately:

2015	$ 300,000
	$ 300,000

The above long term debt is secured by a chattel mortgage on specific equipment. Long term debt repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long-term debt and capital leases. The Corporation has until 2015 to repay the loan in full.

15. Capital management

The corporation's capital consists of shareholder's equity. The corporation's primary objectives in managing its capital consist of safeguarding its ability to continue as a going concern and sourcing sufficient capital to provide its services. The corporation's primary policy in regards to managing capital is a requirement that committed future expenditures do not exceed current capital resources. The corporation's primary process for managing capital consists of the ongoing assessment of current capital resources against budgeted events and administrative expenditures. The corporation is not subject to any externally imposed capital requirements. There have been no changes in the corporation's objectives for managing capital or the definition thereof as compared to the previous year.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Lift Operations
(Schedule 1)

Year Ended April 30, 2011

	2011	2010
Revenue		
Lift tickets	$ 524,524	$ 524,662
Season passes	488,047	560,428
Children's centre	6,634	9,068
Facilities rental	1,552	3,280
Miscellaneous - Lifts	4,046	1,340
	1,024,803	1,098,778
Expenditures		
Children's centre	15,284	14,863
Communications	11,296	15,264
Management contract	112,000	109,564
Equipment rental	11,806	14,989
Heating and electricity	144,045	129,299
Insurance	116,191	98,542
Interest and bank charges	43,009	40,443
Labour services	406,873	363,539
Lift repairs	104,462	160,373
Maintenance		
Building	47,229	37,888
Slopes	33,211	64,149
Miscellaneous	11,671	38,630
Municipal fees	12,000	33,385
Security	299	299
Ski patrol	75,883	78,811
Snowclearing	30,395	11,943
Snowmaking		
Electricity	109,902	126,499
Labour services	31,851	79,084
Equipment maintenance	59,491	68,624
Supplies	21,668	27,966
Vehicle operating		
Repairs	77,203	58,808
Fuel	55,337	45,168
Uniforms	7,861	3,137
	1,538,967	1,621,267
Loss from operations	$ (514,164)	$ (522,489)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Rental and Repair Shop

(Schedule 2)

Year Ended April 30, 2011

	2011	2010
Revenue	$ 203,878	$ 219,773
Expenditures		
Communications	294	490
Equipment rental	-	890
Labour services	59,508	58,234
Miscellaneous	-	93
Supplies	2,336	2,217
	62,138	61,924
Income from operations	$ 141,740	$ 157,849

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Cafeteria

(Schedule 3)

Year Ended April 30, 2011

	2011	2010
Revenue	$ 214,728	$ 226,927
Cost of sales	99,340	119,662
Gross profit	115,388	107,265
Expenditures		
Communications	411	269
Labour services	96,482	85,857
Miscellaneous	295	167
Repairs and maintenance	298	3,838
Supplies	8,631	9,987
	106,117	100,118
Income from operations	$ 9,271	$ 7,147

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Bar

(Schedule 4)

Year Ended April 30, 2011

	2011	2010
Revenue	$ 139,549	$ 129,244
Cost of sales	47,491	59,997
Gross profit	92,058	69,247
Expenditures		
Communications	170	274
Entertainment	6,141	6,000
Labour services	33,068	27,020
Licenses and fees	-	2,311
Repairs and maintenance	2,454	821
Secuity	867	1,536
Special events	5,669	4,805
Supplies	2,413	833
	50,782	43,600
Income from operations	$ 41,276	$ 25,647

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Ski School

(Schedule 5)

Year Ended April 30, 2011

	2011	2010
Revenue	$ 118,391	$ 127,987
Expenditures		
Communications	233	324
Computer lease	-	153
Krunchers Club	-	1,198
Labour services	99,977	103,090
Miscellaneous	1,114	1,190
Supplies	1,373	2,169
Training	1,815	745
Uniforms	-	20,559
	104,512	129,428
Income (loss) from operations	$ 13,879	$ (1,441)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Events

(Schedule 6)

Year Ended April 30, 2011

	2011	2010
Revenue	$ 190,240	$ 224,266
Cost of sales	42,462	33,911
Gross profit	147,778	190,355
Expenditures		
Communications	1,078	845
Interest and bank charges	3,188	3,851
Labour services	89,419	97,831
Maintenance	4,271	511
Miscellaneous	3,409	2,544
Supplies	3,610	1,240
	104,975	106,822
Income from operations	$ 42,803	$ 83,533

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Marketing

(Schedule 7)

Year Ended April 30, 2011

	2011	2010
Revenue		
Marketing revenues - Sponsorships	$ 20,307	$ 40,578
Marketing revenues - Advertising	24,405	119,447
	44,712	160,025
Expenditures		
Advertising		
Internet	8,673	3,000
Marketing campaign	2,986	-
Print	8,883	13,361
Radio	4,097	32,960
Television	22,311	95,869
Communications	3,146	2,840
Complimentary Marble Villa rooms	179	9,045
Labour services	61,210	50,765
Membership fees	3,120	882
Office and postage	129	76
Ski shows and familiarization tours	6,250	6,299
Supplies	5,872	6,543
Travel and meetings	34	-
UK/International marketing	-	3,833
	126,890	225,473
Loss from operations	$ (82,178)	$ (65,448)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Marble Villa

(Schedule 8)

Year Ended April 30, 2011

	2011	2010
Revenue	$ 296,678	$ 287,290
Expenditures		
Cable television	4,224	4,814
Common area expenses	-	6,995
Communications	5,507	5,227
Heat and light	36,597	33,098
Housekeeping	33,562	31,346
Insurance	6,116	11,904
Labour services	25,116	22,689
Marketing	5,114	4,124
Miscellaneous	575	459
Repairs and maintenance	27,850	21,015
Security wages	3,486	6,458
Supplies	13,094	8,104
	161,241	156,233
Income from operations	$ 135,437	$ 131,057

MEMORIAL
UNIVERSITY

Consolidated Financial Statements with Supplementary Schedules

Year Ended March 31, 2011

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
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FOR THE YEAR ENDED MARCH 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Regents of
Memorial University of Newfoundland

We have audited the accompanying consolidated financial statements of **Memorial University of Newfoundland** [the "University"] which comprise the consolidated statement of financial position as at March 31, 2011 and the consolidated statements of operations, changes in net deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Memorial University of Newfoundland** as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

St. John's, Canada
July 7, 2011

Chartered Accountants

Memorial University of Newfoundland **Statement 1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
[thousands of dollars]

	2011	2010
ASSETS		
Current		
Cash and cash equivalents	**12,693**	29,970
Restricted cash *[note 4]*	**4,702**	2,758
Short-term investments	**92,870**	66,038
Accounts receivable	**64,691**	47,311
Accrued interest receivable	**3,654**	2,848
Inventory and prepaid expense	**6,400**	6,192
Total current assets	**185,010**	155,117
Long-term receivable	**1,991**	2,991
Investments *[note 5]*	**90,973**	81,612
Capital assets, net *[note 6]*	**193,776**	176,466
	471,750	416,186
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET DEFICIENCY		
Current		
Bank indebtedness *[note 7]*	**16,531**	17,681
Accounts payable and accrued liabilities	**53,412**	29,637
Deferred revenue	**32,966**	20,379
Current portion of employee future benefits *[note 8]*	**14,856**	13,608
Current portion of long-term debt *[note 9]*	**303**	733
Total current liabilities	**118,068**	82,038
Long-term debt *[note 9]*	**346**	373
Derivative liability *[note 7]*	**1,644**	1,795
Employee future benefits *[note 8]*	**135,291**	118,093
Total liabilities	**255,349**	202,299
Deferred contributions *[note 10]*	**238,257**	220,541
Net deficiency		
Net assets restricted for endowment purposes	**66,548**	61,992
Unrestricted net deficiency	**(88,404)**	(68,646)
Total net deficiency	**(21,856)**	(6,654)
	471,750	416,186

See accompanying notes
Contingencies *[note 13]*

On behalf of the Board:

Chair of the Board of Regents

Chair of the Finance Committee

Memorial University of Newfoundland **Statement 2**

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31
[thousands of dollars]

	2011	2010
REVENUE		
Government grants	**402,958**	352,439
Student fees	**59,174**	57,056
Other revenue	**32,879**	32,577
Amortization of deferred capital contributions	**22,229**	21,773
Sales and services	**16,065**	16,778
Investment income *[note 5]*	**11,343**	13,754
	544,648	494,377
EXPENSES		
Salaries	**286,192**	264,949
Employee benefits	**83,654**	51,911
Materials and supplies	**34,336**	37,123
Repairs and maintenance	**28,285**	20,437
Scholarships, bursaries and awards	**24,225**	22,952
Utilities	**22,552**	19,804
Amortization of capital assets	**22,110**	22,051
Employee future benefits	**18,523**	36,686
Travel and hosting	**16,280**	14,330
Externally contracted service	**15,348**	14,776
Other operating expenses	**13,041**	11,002
Professional fees	**11,044**	9,974
Equipment rentals	**4,595**	2,866
Interest expense	**821**	889
Derivative liability gain	**(151)**	(1,664)
External cost recoveries	**(17,696)**	(18,303)
	563,159	509,783
Excess of expenses over revenue	**(18,511)**	(15,406)

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET DEFICIENCY

As at March 31
[thousands of dollars]

	Restricted for Endowment Purposes	Unrestricted	2011	2010
Balance, beginning of year	**61,992**	**(68,646)**	**(6,654)**	6,683
Excess of revenue over expenses (expense over revenue)	**1,247**	**(19,758)**	**(18,511)**	(15,406)
Endowment contributions	**3,309**	-	**3,309**	2,069
Balance, end of year	**66,548**	**(88,404)**	**(21,856)**	(6,654)

See accompanying notes

Memorial University of Newfoundland **Statement 4**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[thousands of dollars]

	2011	2010
OPERATING ACTIVITIES		
Excess of expenses over revenue	**(18,511)**	(15,406)
Items not affecting cash:		
Amortization of capital assets	**22,110**	22,051
Net increase in deferred contributions related to expenses of future periods	**3,142**	7,843
Increase in long-term portion of employee future benefits	**17,198**	35,343
Increase in current portion of employee future benefits	**1,248**	1,212
Amortization of deferred capital contributions	**(22,229)**	(21,773)
Loss on disposal of capital assets	**508**	517
Decrease in derivative liability	**(151)**	(1,665)
Decrease in long-term receivable	**1,000**	-
Unrealized gain on investments	**(6,000)**	(9,746)
Change in non-cash working capital	**17,968**	8,427
Cash provided by operating activities	**16,283**	26,803
INVESTING ACTIVITIES		
Capital assets acquired	**(40,245)**	(31,755)
Increase in restricted cash	**(1,944)**	(2,758)
Increase in short-term investments	**(26,832)**	(5,239)
Increase in investments	**(3,361)**	(10,083)
Cash used in investing activities	**(72,382)**	(49,835)
FINANCING ACTIVITIES		
Decrease in bank indebtedness	**(1,150)**	(1,347)
Endowment contributions	**3,309**	2,069
Addition to deferred capital contributions	**36,803**	33,779
Decrease in long-term debt	**(140)**	(132)
Cash provided by financing activities	**38,822**	34,369
Net change in cash and cash equivalents during the year	**(17,277)**	11,337
Cash and cash equivalents, beginning of year	**29,970**	18,633
Cash and cash equivalents, end of year	**12,693**	29,970
Supplementary Information		
Interest paid	**821**	889

See accompanying notes

1. AUTHORITY AND PURPOSE

Memorial University of Newfoundland [the "University"] is a corporation operating under the authority of the *Memorial University Act*. It is a comprehensive research university offering a full range of undergraduate, graduate and continuing studies programs. The academic governance of the University is vested in the Senate. The University is a not-for-profit entity, governed by a Board of Regents, the majority of whom are appointed by the Province of Newfoundland and Labrador. The University is a registered charity under the *Income Tax Act (Canada)* and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act (Canada)* are met.

2. SIGNIFICANT ACCOUNTING POLICIES

General

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles [GAAP]. The significant accounting policies are summarized as follows:

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period during which they become known.

Consolidated financial statements

These financial statements have been prepared on a consolidated basis, reporting the operations and financial position of the University and the following related not-for-profit organizations:

C-CORE
The Canadian Centre for Fisheries Innovation [CCFI]
Genesis Group Inc.
The Memorial University of Newfoundland Botanical Garden Incorporated
Memorial University Recreation Complex [MURC]
Western Sports and Entertainment Inc.
Campus Childcare Inc.
Newfoundland Quarterly Foundation
Edutech Services Inc.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash, treasury bills and bankers' acceptances. Investments with original maturities of three months or less are classified as cash equivalents.

Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year during which related expenses are recognized. Contributions of capital assets are recorded at fair market value at the date of the contribution and deferred and amortized to operations on the same basis as the related asset. Endowment contributions are recognized as direct increases in the net assets in the year during which they are received. Revenues from contracts, sales and student fees are recognized when the goods or services are provided and collection is reasonably assured.

Contributed services

Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The costs that would otherwise be associated with these contributed services are not recognized in these consolidated financial statements as their fair value cannot be determined.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenditures are charged to expenses. Betterments which extend the estimated life of an asset are capitalized.

The University's permanent art collection is expensed as incurred and the value of donated art is not recognized in these consolidated financial statements.

Capital assets are amortized using the following rates and methods. Half a year's amortization is taken in the year of acquisition and no amortization is taken in the year of disposal.

Buildings	8%	declining balance
Furniture and equipment	20%	declining balance
Computers	30%	declining balance
Banner finance	20%	declining balance
Vehicles	30%	declining balance
Library collection	10 years	straight-line

Inventory

Inventory is valued at the lower of cost and net realizable value.

The amount of inventories recognized as an expense during the year amounted to $12.7 million [2010 – $12.5 million].

Investment income

Investment income in the consolidated statement of operations includes interest, dividends, realized and unrealized gains and losses as well as related expenses.

Employee future benefits

Pension plan

The employees of the University participate in a defined benefit pension plan [the "Plan"] administered under the *Memorial University Pensions Act* with any deficiencies being funded by the Province of Newfoundland and Labrador. Payments to the Plan consist of contributions from employees and from the University as prescribed in the *Pension Benefits Act (1997)* [PBA]. In addition, where the Plan experiences a solvency deficiency, the employer is required to contribute an amount sufficient to liquidate the deficiency within five years of the solvency valuation date. The University's contributions to the Plan are recorded as an expense in the consolidated statement of operations. The assets and obligations of the Plan are not recorded in the University's consolidated financial statements.

The Plan is being funded in accordance with the March 31, 2010 actuarial valuation. The special payment required in the 2011/2012 fiscal year in respect of the going concern deficiency identified in the 2010 valuation amounts to $18.9 million. With respect to the solvency deficiency identified in the 2010 valuation, the University was exempt from the associated funding obligation under the PBA up to December 31, 2010. The exemption had been in place since 2002 and application has been made to have it continued. In the absence of the exemption, the University is required to fund the solvency deficiency, effective January 1, 2011. The special payment due in respect of the period January 1, 2011 to March 31, 2011 is $13.0 million and has been expensed to employee benefits in the consolidated financial statements. The special payment due in respect of the solvency deficiency for the 2011/2012 fiscal year will be $60.0 million.

The most recent valuation of the Plan was prepared as at March 31, 2011 for internal management purposes by Eckler Ltd. This valuation disclosed a solvency deficiency of $279.3 million and a going concern deficiency of $317.5 million at March 31, 2011. Under the PBA, a going concern deficiency must be funded over a period of not more than 15 years while a solvency deficiency is to be funded over a maximum five-year period. The going concern deficiency of $317.5 million includes $77.4 million in respect of past service costs related to the introduction of indexing in 2004. This indexing liability is being financed under a special PBA provision through both employee and employer contributions over the remaining period of 33.25 years. In accordance with the PBA, the balance of the going concern deficiency, namely $240.1 million, would normally be liquidated over a period of not more than 15 years. If Plan funding were based on the March 31, 2011 valuation, the first annual payment in respect of this balance would be $20.6 million.

Other benefits

Post-employment

In addition to the University's pension plan previously discussed, the University also has defined benefit plans for other post-employment benefits. These benefits are actuarially determined using the projected benefit method prorated on service and administration's best estimate of salary escalation, retirement ages of employees and escalation in covered benefit expense outlays. Gains (losses) are fully recognized in the current year. These benefits include:

Supplemental Retirement Income Plan [SRIP]
Voluntary Early Retirement Income Plan [VERIP]
Other post-employment benefits [include severance, group life insurance and health care benefits]

Vacation

Accrued vacation for employees represents vacation earned but not yet taken as at year-end. It is expected that accrued vacation will be taken in the next fiscal year.

Additional disclosure is provided in *note 8*.

Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities and subsequent distributions are recorded as decreases to these liabilities.

Derivative financial instruments

Derivative financial instruments are utilized by the University in the management of interest rate exposure related to its bank indebtedness. The University may also enter into foreign exchange forward contracts to eliminate the risk of fluctuating foreign exchange rates on future commitments. The University does not utilize derivative financial instruments for trading or speculative purposes.

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its floating rate bank indebtedness. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based.

Derivative financial instruments are classified as held-for-trading and carried at fair value with the change in fair value being recorded on the consolidated statement of operations.

Financial instruments

The University applies the Canadian Institute of Chartered Accountants [CICA] *Handbook* Section 3861, *Financial Instruments – Disclosure and Presentation*. The disclosures required by Section 3861 are provided in *note 12*.

3. CHANGES IN ACCOUNTING POLICY

Impact of adopting future accounting policies

Recent accounting pronouncements that have been issued but are not yet effective and have a potential impact on the University are as follows:

Assessment of strategic direction of financial reporting standards for not-for-profit organizations

In November 2010, the Accounting Standards Board of the CICA issued Part III of the *CICA Handbook* that sets out the accounting standards for not-for-profit organizations. These standards are effective for fiscal years beginning on or after January 1, 2012, with an option for early adoption. The University is a government not-for-profit organization [GNFPO] and therefore will be required to follow Public Sector Accounting Standards. The University is currently evaluating the impact of these standards.

4. RESTRICTED CASH

Restricted cash consists of premiums paid to Manulife Financial on behalf of employees which are held in an interest-bearing bank account to be used to fund future rate increases or enhancements in the long-term disability and basic term life insurance plans. The related liability is included in accounts payable and accrued liabilities.

5. INVESTMENTS

Investments as at March 31

[thousands of dollars]	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Fixed income	**43,052**	**46,361**	45,843	48,485
Equities	**37,400**	**44,612**	31,245	33,127
	80,452	**90,973**	77,088	81,612

Investment income for the year ended March 31

[thousands of dollars]	2011	2010
Investment income	**5,882**	4,462
Unrealized gain on investments	**6,000**	9,746
Less: related expenses	**539**	454
	11,343	13,754

6. CAPITAL ASSETS

[thousands of dollars]	2011			2010
	Cost	**Accumulated Amortization**	**Net Book Value**	**Net Book Value**
Buildings	**257,224**	**136,725**	**120,499**	102,655
Furniture and equipment	**94,640**	**55,981**	**38,659**	37,569
Computers	**22,478**	**17,886**	**4,592**	5,345
Banner finance	**1,896**	**1,462**	**434**	324
Vehicles	**3,652**	**3,217**	**435**	765
Library collection	**135,582**	**106,425**	**29,157**	29,808
	515,472	**321,696**	**193,776**	176,466

Capital assets include certain assets under capital leases with a net book value of $1.6 million [2010 – $2.0 million].

7. BANK INDEBTEDNESS

Pursuant to Section 41 of the *Memorial University Act*, the University has received approval from the Lieutenant-Governor in Council to borrow to finance two capital projects. The projects involved the construction of a new residence complex for Grenfell Campus [Project 1] and the implementation of an energy performance program in five buildings on the University's main campus in St. John's [Project 2]. The debt has been negotiated using bankers' acceptances [BA's] which mature during the 2011/12 fiscal year. Management expects to refinance these loans through BA's for the balance of the term of the loan. Disclosure related to interest rate risk is provided in *note 12*.

Derivative liability

Project 1 interest rate swap transaction involves the exchange of the underlying floating rate Canadian BA for a fixed interest rate of 4.76% expiring April 12, 2017 with a notional amount of $3.0 million. The fair value of this interest rate swap is $0.24 million [2010 – $0.3 million].

Project 2 interest rate swap transaction involves the exchange of the underlying floating rate Canadian BA for a fixed interest rate of 5.12% expiring October 1, 2022 with a notional amount of $13.8 million. The fair value of this interest rate swap is $1.4 million [2010 – $1.5 million].

8. EMPLOYEE FUTURE BENEFITS

Supplemental Retirement Income Plan [SRIP]

In May 1996, the Board of Regents approved a SRIP to provide benefits to employees of the University whose salaries exceed the Canada Revenue Agency maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefit payable from the Plan.

The significant actuarial assumptions used in measuring SRIP include a discount rate of 5.2% [2010 – 5.7%] and an average compensation increase of 4.5% [2010 – 4.5%].

Voluntary Early Retirement Income Plan [VERIP]

In February and May 1996, the University offered faculty and staff, who reached age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the VERIP.

Subject to eligibility criteria, the Plan provided an incentive of enhanced pension benefits of up to five years' pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment. The early retirement incentive is unfunded. Current-year payments are funded on an annual basis from operations.

The significant actuarial assumption used in measuring VERIP includes a discount rate of 5.2% [2010 – 5.7%].

Other benefits

The University has a number of other post-employment benefits providing group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses. In addition, the University pays severance to certain employee groups upon termination, retirement or death, provided they meet certain eligibility criteria. Vacation liability is also accrued and is expected to be used by employees in the next fiscal year.

The significant actuarial assumptions used in measuring other benefits include a discount rate of 5.2% [2010 – 5.7%] and an average rate of compensation increase of 4.5% [2010 – 4.5%].

	SRIP		**VERIP**		**Other Benefits**	
[thousands of dollars]	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Accrued benefit obligation						
Balance, beginning of year	**9,327**	5,543	**5,992**	5,466	**103,710**	72,487
Current service cost	**451**	237	**-**	-	**3,668**	2,408
Interest cost	**540**	416	**341**	410	**6,198**	5,461
Benefits paid	**(309)**	(265)	**(545)**	(576)	**(3,244)**	(3,310)
Actuarial loss	**1,902**	3,396	**147**	692	**8,214**	26,664
	11,911	9,327	**5,935**	5,992	**118,546**	103,710
Current plan expense						
Current service expense	**451**	237	**-**	-	**3,668**	2,408
Interest cost	**540**	416	**341**	410	**6,198**	5,461
Actuarial loss	**1,902**	3,396	**147**	692	**8,214**	26,664
	2,893	4,049	**488**	1,102	**18,080**	34,533

A summary of these accrued benefit obligations are as follows:

[thousands of dollars]	2011	2010
Employee future benefits	**118,546**	103,710
Supplemental retirement income plan	**11,911**	9,327
Voluntary early retirement income plan	**5,935**	5,992
Accrued vacation	**13,755**	12,672
	150,147	131,701
Less: current portion	**14,856**	13,608
Long-term employee future benefits	**135,291**	118,093

9. LONG-TERM DEBT

[thousands of dollars]	2011	2010
RBC Royal Bank, fixed term demand loan, related to Harlow campus, 5.19% interest, repayable in nine equal annual, blended payments of $121, maturing in April 2012, unsecured	**227**	330
CMHC mortgage on Queen's College, 5.875% interest, repayable in 50 equal, blended payments of $29 semi-annually, maturing in June 2019, secured	**349**	385
Capital leases negotiated through the RBC Royal Bank, varying interest rates, payable in equal annual installments, secured by assets under lease	**73**	391
	649	1,106
Less: current portion	**303**	733
	346	373

Annual repayments of long-term debt over the next five years are as follows:

[thousands of dollars]	
2012	303
2013	59
2014	60
2015	46
2016	48

10. DEFERRED CONTRIBUTIONS

Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and programs.

[thousands of dollars]	2011	2010
Balance, beginning of year	**61,180**	53,337
Grants and donations received during the year	**63,754**	62,703
Less: expenses incurred during the year	**60,611**	54,860
Balance, end of year	**64,323**	61,180

Capital assets

Deferred capital contributions related to capital assets represent the unamortized and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations.

[thousands of dollars]	2011	2010
Balance, beginning of year	**159,361**	147,355
Additional contributions received	**36,802**	33,779
Less: amounts amortized to revenue	**22,229**	21,773
Balance, end of year	**173,934**	159,361

Total deferred contributions

[thousands of dollars]	2011	2010
Expenses of future periods	**64,323**	61,180
Capital assets	**173,934**	159,361
Balance, end of year	**238,257**	220,541

11. MEMORIAL UNIVERSITY ACT

In accordance with the *Memorial University Act*, the University is normally prohibited from recording a deficit on its consolidated financial statements. During 1996, pursuant to Section 36 of the *Memorial University Act*, the University received approval from the Lieutenant-Governor in Council to record a deficit of up to $5.0 million in 1996 and an additional $10.0 million in 1997 as a result of the recognition of the liabilities related to VERIP for faculty and staff. During 2001, the University received approval from the Lieutenant-Governor in Council to exclude from the definition of a deficit, pursuant to Section 36 of the *Memorial University Act*, any amounts resulting from the recognition of the liabilities related to recording vacation pay entitlements, severance and any other post-employment benefits.

12. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the University's designation of such instruments. The standards require that all financial assets be classified either as held-for-trading [HFT], available-for-sale [AFS], held-to-maturity [HTM], or loans and receivables and all financial liabilities to be classified as either HFT or other liabilities [OL]. Subsequent to initial recognition, the standards require that all financial assets and liabilities be measured at fair value with the exception of loans and receivables, securities classified as HTM, liabilities classified as OL, and AFS financial assets that do not have quoted market prices in an active market. These are measured at amortized cost using the effective interest rate method [EIM].

Classification of financial instruments

The University has designated its financial instruments as shown in the following table. The financial instruments are measured as follows based on their classification.

Asset/liability	Classification	Measurement
Cash, cash equivalents, restricted cash and short - term investments	Held-for-trading	Fair value
Investments	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost using EIM
Accrued interest receivable	Loans and receivables	Amortized cost using EIM
Long-term receivable	Loans and receivables	Amortized cost using EIM
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost using EIM
Bank indebtedness	Other financial liabilities	Amortized cost using EIM
Long-term debt	Other financial liabilities	Amortized cost using EIM
Derivative liability	Held-for-trading	Fair value

Held-for-trading

HFT financial assets and liabilities are financial assets typically acquired for resale prior to maturity. They are measured at fair value at the consolidated statement of financial position date. Interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses from market fluctuations are included in the consolidated statement of operations.

Loans and receivables

Loans and receivables are accounted for at amortized cost using EIM.

Other financial liabilities

Other liabilities are recorded at amortized cost and include all liabilities and long-term debt.

Embedded derivatives

There are no embedded derivatives in the consolidated financial statements of the University.

Credit risk

The University is exposed to credit risk with respect to accounts receivable from students and clients. Services are provided to a large number of students and entities, which minimizes the concentration of credit risk. The University routinely monitors the receivable balances and establishes an appropriate allowance for doubtful accounts based upon factors surrounding credit risk, historical trends, and other information.

Interest rate risk

The University's exposure to interest rate risk relates to its floating interest rate bank indebtedness which utilizes BA's. The University has managed this floating interest rate risk by entering into interest rate swap agreements with the RBC Royal Bank to offset the movement in the BA rates. Any change in BA rates will be offset by a corresponding change in the interest rate swap. The fair value of these interest rate swap agreements are recorded in the consolidated statement of financial position and the change in value is reflected in the consolidated statement of operations.

Liquidity risk

The University is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. This risk is managed by maintaining adequate cash and cash equivalents. The University believes that cash and cash equivalents on hand, future cash flows from government grants and student fees will be adequate to meet its financial obligations.

Market risk

The University is exposed to market risk on its investments due to future fluctuations in market prices. This risk is managed by a Statement of Investment Policy and Objectives approved by the Board of Regents which includes investment policy provisions for an acceptable asset mix structure and quality constraints on fixed income instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. CONTINGENCIES

(a) Canadian University Reciprocal Insurance Exchange [CURIE]

The University participates in a self-insurance cooperative involving a contractual agreement to share the insurance property and liability risks of member universities for a term of not less than five years.

In the event that premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation. For the year ended December 31, 2010, CURIE has a surplus of $9.2 million and a cumulative subscribers' equity of $41.0 million. The University's pro rata share is approximately 3% on an ongoing basis.

(b) Class action lawsuit

In 2007, a class action lawsuit was filed on behalf of all former employees of the University who retired or terminated employment on or before December 31, 1992 and were entitled to receive post-retirement life, health and dental group insurance benefits. The lawsuit alleges that this group of retirees was entitled to receive these insurance benefits for life, at no cost to the group of retirees. This action has been certified as a class action and the University has sought leave to appeal from the decision certifying the action. The University continues to defend its position and the potential exposure to this claim is indeterminable at the present time.

14. CAPITAL DISCLOSURES

The University considers its capital to be its net assets. Its restricted net assets consist of amounts restricted for endowment purposes. The University's objectives when managing its capital are to safeguard its ability to continue as a going concern in order to provide services to its students and research funding agencies. Annual budgets are developed and monitored to ensure the University's capital is maintained at an appropriate level. The University has no external restrictions imposed on its capital, excluding its endowments.

15. COMPARATIVE FIGURES

Certain of the 2010 comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current year.

Grant Thornton

Consolidated Financial Statements

Multi-Materials Stewardship Board

March 31, 2011

Grant Thornton

Independent auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
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To the Directors of the

Multi-Materials Stewardship Board

We have audited the consolidated statement of financial position of the Multi-Materials Stewardship Board at March 31, 2011, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted auditing standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 23, 2011

Chartered Accountants

Multi-Materials Stewardship Board

Consolidated Statement of Operations

Year Ended March 31	2011	2010
Revenue		
Gross revenue from deposits	$ 22,792,026	$ 21,263,547
By-product revenue	2,330,976	1,762,755
Residential Backyard Composting Program	-	60
Household Hazardous Waste Program	38,557	68,215
Composting program	1,100	-
	25,162,659	23,094,577
Cost of sales (Note 11)	21,732,659	20,669,866
Gross margin	3,430,000	2,424,711
Miscellaneous income	127,833	45,347
Income before expenses	3,557,833	2,470,058
Expenses		
Administrative (Page 14)	2,569,358	2,214,255
Grant disbursements	2,262,316	1,309,745
	4,831,674	3,524,000
Excess of expenses over revenue	$ (1,273,841)	$ (1,053,942)

Multi-Materials Stewardship Board

Consolidated Statement of Changes in Net Assets

Year Ended March 31			2011	2010
	Invested in Capital Assets	Unrestricted Net Assets	**Total**	Total
Net assets, beginning of year	$ 303,889	$ 16,830,510	**$ 17,134,399**	$ 18,188,341
Excess of expenses over revenue	(81,491)	(1,192,350)	**(1,273,841)**	(1,053,942)
Investments in capital assets (net of proceeds on disposal of property and equipment)	37,348	(37,348)	**-**	-
Net assets, end of year	$ 259,746	$ 15,600,812	**$ 15,860,558**	$ 17,134,399

Multi-Materials Stewardship Board

Consolidated Statement of Financial Position

March 31	2011	2010
Assets		
Current		
Cash and cash equivalents	$ 16,429,334	$ 17,967,396
Receivables (Note 6)	2,975,112	2,886,848
Inventories (Note 7)	79,554	63,411
Prepaids	146,348	47,105
Current portion of notes receivable	31,571	13,352
	19,661,919	20,978,112
Notes receivable, non-interest bearing, repayable over the next five years	85,044	53,408
Long term investments	768,122	756,474
Property and equipment (Note 8)	259,746	303,889
	$ 20,774,831	$ 22,091,883
Liabilities		
Current		
Payables and accruals	$ 710,215	$ 958,345
Grants payable	1,781,580	1,786,083
Unearned revenue	1,995,290	1,857,829
	4,487,085	4,602,257
Performance bonds payable	404,886	355,227
Accrued severance pay	22,302	-
	4,914,273	4,957,484
Net Assets		
Net assets invested in capital assets	259,746	303,889
Unrestricted net assets	15,600,812	16,830,510
	15,860,558	17,134,399
	$ 20,774,831	$ 22,091,883

Commitments (Note 10)

On behalf of the Board

Chairperson Director

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Cash Flows

Year Ended March 31	2011	2010
(Decrease) increase in cash and cash equivalents		
Operating		
Excess of expenses over revenue	$ (1,273,841)	$ (1,053,942)
Depreciation	81,491	97,587
Gain on disposal of equipment		(1,474)
	(1,192,350)	(957,829)
Change in non-cash operating working capital (Note 9)	(318,823)	(949,113)
	(1,511,173)	(1,906,942)
Financing		
Increase (decrease) in performance bonds payable	49,659	(363,974)
Increase in accrued severance pay	22,302	-
	71,961	(363,974)
Investing		
Increase in notes receivable	(49,855)	(66,760)
Increase in long term investments	(11,647)	(291,353)
Purchase of property and equipment	(37,348)	(44,404)
Proceeds from sale of property and equipment	-	5,373
	(98,850)	(397,144)
Net decrease in cash and cash equivalents	(1,538,062)	(2,668,060)
Cash and cash equivalents		
Beginning of year	17,967,396	20,635,456
End of year	$ 16,429,334	$ 17,967,396

1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program, and the Newfoundland and Labrador Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The Board is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board and the Newfoundland and Labrador Waste Management Trust Fund.

The Multi-Materials Stewardship Board - Newfoundland and Labrador Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidation purposes. Separate audited financial statements have been issued for this Trust Fund, with an audit report date of June 23, 2011.

The March 31, 2010 comparative figures include the accounts of the Residential Backyard Composting Program for consolidation purposes. This program ceased operations effective March 31, 2010.

3. Summary of significant accounting policies

Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

i) property and equipment are recorded at cost, net of proceeds on disposal;
ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
iii) depreciation of property and equipment and gains (losses) on disposal are included in the net assets invested in capital assets account.

3. Summary of significant accounting policies (cont'd.)

Use of estimates

In preparing the Board's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the statement of financial position date. Exchange gains and losses arising on the translation of monetary assets and liabilities are included in the determination of income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Cash and cash equivalents also include a balance of $55,000 (2010 - $6,080) in restricted cash related to the performance bonds payable.

Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

Byproduct revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Revenue from the Household Hazardous Waste Program is recognized as the municipalities are invoiced and collection is reasonably assured.

Revenue from the sale of compost bins is recognized when the bins are sold and collection is reasonably assured.

Grant revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until the future period when related costs have been incurred.

Miscellaneous income (including interest income) is recognized as earned.

Inventories

Inventories, which are comprised of aluminium beverage containers, and PET beverage containers, are valued at the lower of cost and net realizable value. Inventory is costed based on net realizable value using current market prices.

3. Summary of significant accounting policies (cont'd.)

Long term investments

Loan term investments include guaranteed investment certificates with original maturities of greater than one year. At March 31, 2011 $349,888 (2010 - $349,147) of these investments are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Rocaps equipment	30%, declining balance
Office furniture and equipment	20%, declining balance
Leasehold improvements	5 years, straight line
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 66% (March 31, 2010 – 68%).

Financial instruments

The CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Board to revalue all of its financial assets and liabilities at fair value.

This standard also requires the Board to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with

3. **Summary of significant accounting policies** (cont'd.)

changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the standard, the Board's financial assets and liabilities are classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivable	Amortized cost
Notes receivables	Loans and receivable	Amortized cost
Long term investments, performance bonds payable	Held for trading	Fair value
Payables and accruals	Other financial liabilities	Amortized cost

Other statement of financial position accounts, such as inventories, prepaids, property, equipment, unearned revenue, and accrued severance pay, are not within the scope of these accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data were used as appropriate. The fair value of cash and cash equivalents approximated its carrying value.

Accounting policies adopted during the year

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in accounts for employees with less than nine years of continual service. Severance pay is payable when the employee ceases employment with the Board.

4. Risk management

The Board's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Board include liquidity, credit and market risks.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Board's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

i) Interest rate risk

Interest rate risk is the risk that the value of a financial asset will fluctuate due to changes in market interest rates. The Board is exposed to interest rate risk through its cash and cash equivalents and long term investments. Interest rate risk is managed through holding low risk cash and cash equivalents and long term investments.

ii) Foreign exchange risk

The Board is exposed to foreign exchange risk on fluctuations related to by-product sales to the United States. Subsequent to year end, foreign exchange is managed through the Board's USD bank account.

5. Capital management

The capital structure of the Board consists of net assets invested in capital assets and unrestricted net assets. The primary objective of the Board's capital management is to provide adequate funding to ensure efficient delivery of its services.

Net assets invested in capital assets represent the amount of net assets that are not available for other purposes because they have been invested.

Unrestricted net assets are funds available for future operations and are preserved so the Board can have financial flexibility should opportunities arise in the future.

6. Receivables

	2011	2010
Deposits	$ 2,570,233	$ 2,352,643
Trade and other	404,879	534,205
	$ 2,975,112	$ 2,886,848

7. Inventories

	2011	2010
Aluminium beverage containers	$ 47,300	$ 52,450
PET beverage containers	32,254	10,961
	$ 79,554	$ 63,411

8. Property and equipment

			2011	2010
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Rocaps equipment	$ 144,928	$ 97,487	$ 47,441	$ 64,275
Office furniture and equipment	150,911	93,123	57,788	53,513
Leasehold improvements	35,073	31,046	4,027	4,927
Computer hardware	99,696	63,018	36,678	41,202
Computer software	225,494	189,845	35,649	34,062
Bags and tubs	402,955	327,655	75,300	102,031
Vehicle	9,048	6,185	2,863	3,879
	$ 1,068,105	$ 808,359	$ 259,746	$ 303,889

9. Supplemental cash flow information

Change in non-cash operating working capital

	2011	2010
Receivables	$ (88,264)	$ (470,844)
Inventories	(16,143)	(18,413)
Prepaids	(99,244)	(789)
Payables and accruals	(248,130)	138,514
Grants payable	(4,503)	(760,552)
Unearned revenue	137,461	162,971
	$ (318,823)	$ (949,113)

10. Commitments

The Board is committed to minimum annual lease payments for property and equipment for the next three years as follows: 2012 - $233,146; 2013 - $70,143; and 2014 - $13,793.

The Board has entered into the following agreements:

- (i) processing and transportation of beverage containers up to July, 2014;
- (ii) collection of used tires in Labrador West area to April, 2012;
- (iii) collection and transportation of used tires in the island portion of Newfoundland and Labrador and the Labrador Straits to August, 2011;
- (iv) collection of used tires in Happy Valley-Goose Bay area to February, 2013;
- (v) collection and disposal of used tires to April 2011;
- (vi) transportation of used tires collected in Labrador to May, 2011;
- (vii) transportation and disposal of processed glass to March, 2011;
- (viii) baling of used tires and crushing/removal of tire rims to December, 2011; and
- (ix) household hazardous waste collection and disposal to December 2011.

11. Cost of sales

In June 2004, the Board terminated its contract under the Used Tire Recycling Program with its previous contractor. Subsequent to this termination, the Board assumed responsibility for the Program and implemented a contingency plan for the storage of used tires. The costs will be incurred until the Board is able to make alternate arrangements under the Used Tire Recycling Program.

Multi-Materials Stewardship Board

Consolidated Schedule of Administrative Expenses

Year Ended March 31	2011	2010
Advertising	$ 88,372	$ 92,294
Bad debts	-	3,164
Depreciation	81,491	97,587
Directors' remuneration	14,233	16,055
Dues, licenses and education	6,192	11,833
Equipment rental	16,162	22,403
Insurance	10,761	9,705
Interest and bank charges	3,665	5,339
Marketing and communications	250,184	288,216
Meetings and entertainment	12,117	23,189
Miscellaneous	5,516	3,279
Professional fees	183,072	107,418
Rent	109,854	109,819
Repairs and maintenance	1,392	4,680
Rocaps supplies	28,744	54,615
Stationery and office supplies	41,734	50,068
Telecommunications	55,482	39,635
Travel – board and staff	89,043	129,950
Vehicle operating	22,652	15,837
Wages and benefits	1,548,692	1,129,169
	$ 2,569,358	$ 2,214,255

MUNICIPAL ASSESSMENT AGENCY INC.

FINANCIAL STATEMENTS

Year ended March 31, 2011

JOHN F. MORGAN

Chartered Accountant
6 Lambe's Lane
St. John's, NL A1B 4E9
Office: (709) 576-6776
Fax: (709) 576-6777

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements for Municipal Assessment Agency Inc., which comprise the balance sheet as at March 31, 2011, and the statement of revenues, expenses and equity, and statement of changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of Municipal Assessment Agency Inc. as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian Generally accepted accounting principles.

CHARTERED ACCOUNTANT

St. John's, Newfoundland
May 20, 2011

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET
AS AT MARCH 31, 2011

ASSETS

	2011	2010
CURRENT ASSETS:		
Cash	$1,016,969	$ 460,834
Accounts receivable (note 2)	114,012	120,209
Current portion of long term receivables (note 3)	17,166	58,402
Prepaid expenses	84,811	84,164
	1,232,958	723,609
Long term receivables (note 3)	26,521	48,255
Severance reserve fund (note 4)	988,780	944,492
Capital assets (note 5)	1,281,252	1,384,633
	$3,529,511	$3,100,989

LIABILITIES AND SHAREHOLDER'S EQUITY

	2011	2010
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 164,584	$ 72,446
Accrued vacation pay (note 6)	305,692	278,225
	470,276	350,671
Accrued severance pay (note 6)	988,780	944,492
	1,459,056	1,295,163

SHAREHOLDER'S EQUITY

	2011	2010
CAPITAL:		
Authorized and issued		
1 Common share	1	1
Equity from operations	2,070,454	1,805,825
	2,070,455	1,805,826
	$3,529,511	$3,100,989

Commitments and contingencies (note 6 and note 7)
Subsequent event (note 9)

On behalf of the board:

Fred Best

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY
FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
REVENUES:		
Assessment services	$5,462,613	$5,233,007
Secondment revenue (note 1)	71,391	68,635
Valuation revenue	25,304	27,419
Interest revenue	12,993	583
Municipal training	2,579	-
Miscellaneous revenue	-	100
	5,574,880	5,329,744
EXPENSES:		
Salaries	3,384,292	3,248,275
Benefits	660,913	659,436
Travel	294,494	320,519
Information technology	185,644	196,635
Postage and courier	121,084	114,452
Premises and equipment lease	75,955	74,567
Printing	68,621	59,512
Professional fees	66,102	64,800
Telephone	61,459	72,308
Repairs and maintenance	48,927	55,798
Office supplies	47,353	50,496
Advertising and public relations	28,918	17,865
Utilities	25,646	25,328
Insurance	21,232	20,704
Payroll processing	4,725	4,754
Exchange gain/loss	4,643	-
Meetings and events	2,497	1,208
Bank charges	1,725	1,636
	5,104,230	4,988,293
Excess of revenues over expenses before the following:	470,650	341,451
Provision for severance and vacation pay (note 6)	105,454	104,084
Amortization of capital assets	97,345	115,125
Loss on disposal of capital assets	1,838	875
Bad debt expense (recovery)	1,384	(34,660)
Excess of revenues over expenses	264,629	156,027
Equity from operations, beginning of year	1,805,825	1,649,798
EQUITY FROM OPERATIONS, END OF YEAR	**$2,070,454**	**$1,805,825**

Commitments and contingencies (note 6 and note 7)
Subsequent event (note 9)

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 264,629	$ 156,027
Items not affecting cash:		
Amortization of capital assets	97,345	115,125
Decrease in long-term receivable	62,970	12,192
Increase in severance pay accrual	44,288	57,572
Increase in vacation pay accrual	27,467	46,512
Loss on disposition of capital assets	1,838	875
Net change in non-cash working capital balance	97,686	(109,933)
CASH PROVIDED BY OPERATING ACTIVITIES	596,223	278,370
INVESTING ACTIVITIES:		
Purchase of capital assets	(1,800)	(118,231)
Recovery of building costs	6,000	-
CASH USED IN INVESTING ACTIVITIES	4,200	(118,231)
Increase (decrease) in cash position	600,423	160,139
Cash position, beginning of year	1,405,326	1,245,187
CASH POSITION, END OF YEAR	$2,005,749	$1,405,326

Cash is represented by:		
Operating cash	$1,016,969	$ 460,834
Severance reserve fund	988,780	944,492
	$2,005,749	$1,405,326

Commitments and contingencies (note 6 and note 7)
Subsequent event (note 9)

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

General:

The Municipal Assessment Agency Inc. (the "Corporation") was incorporated April 2, 1997, under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of $1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

(a) Capital assets

Capital assets purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%
Buildings	4%

1. Summary of significant accounting policies (continued):

(b) Revenue recognition

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

Secondment revenue relates to employees who have been seconded out to government departments. The employee's salary is paid by the Agency and the government departments are invoiced on a monthly basis. Secondment revenue is recognized when the services are rendered. Secondment revenue is scheduled to end on March 31, 2011.

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

(e) Fair Value of Financial Instruments

The company has evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of its financial instruments is considered to approximate fair value, unless otherwise indicated.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

2. Accounts receivable:

	2011	2010
Trade receivables	$ 50,003	$ 60,600
HST recoverable	62,959	58,106
Employee receivable	1,050	1,503
	$ 114,012	$ 120,209

3. Long term receivables:

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period of 48 months, provided all future fees are paid on a current basis.

4. Severance reserve fund:

The Agency has internally restricted funds for the accrued severance pay liability. These funds are to be used to pay any accrued severance and not to be used in normal business operations. The restricted funds are held in the Agency's operating account that bears interest.

5. Capital assets:

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	$ 454,365	$ 394,847	$ 59,518	$ 83,511
Furniture and equipment	279,466	199,081	80,385	102,191
Integrated assessment system	1,109,343	1,076,835	32,508	46,441
Buildings	1,028,653	128,033	900,620	944,269
Land	208,221	-	208,221	208,221
	$3,080,048	$1,798,796	$1,281,252	$1,384,633

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

6. Severance and vacation pay:

The provision for severance and vacation pay consists of the following:

Severance pay	**2011**	**2010**
Opening balance	$ 944,492	$ 886,920
Severance paid out	(33,699)	-
Current year expense	77,987	57,572
Closing balance	$ 988,780	$ 944,492

Vacation pay	**2011**	**2010**
Opening balance	$ 278,225	$ 231,713
Current year expense	27,467	46,512
Closing balance	$ 305,692	$ 278,225

7. Commitments and Contingencies:

The Agency has a lease for office space in Corner Brook, Newfoundland. The term of the lease is 5 years, starting October 1, 2007 and ending on September 30, 2012, with the option to renew for a further term of up to 5 years. The monthly rental fee is $4,174. Future minimum lease payments total $75,132 and include the following payments over the next 18 months: 2011 - $37,566; 2012 - $37,566.

The Agency has a lease for office space in Conception Bay South, Newfoundland. The term of the lease is 2 years, starting October 1, 2009 and ending on September 30, 2011, with the option to renew for an additional two year term. The monthly rental fee is $400. Future minimum lease payments total $2,400 and include the following payments over the next six months: 2011 - $2,400.

The Agency has a lease for office space in Clarenville, Newfoundland. The term of the lease is 5 years, starting May 1, 2008 and ending on April 30, 2013. The monthly rental fee is $350. Future minimum lease payments total $8,750 and include the following payments over the next 25 months: 2011 - $3,150; 2012 - $4,200; 2013 - $1,400.

The Agency has a lease for office space in Grand Falls Windsor, Newfoundland. The term of the lease is 3 years, starting February 1, 2011 and ending on January 31, 2014. The monthly rental fee is $695. Future minimum lease payments total $23,630 and include the following payments over the next 3 years: 2011 - $6,255, 2012 - $8,340, 2013 - $8,340, 2014 - $695.

The Agency has prepared property valuations which are subject to litigation to which the Agency has been included as a third party defendant. These claims could be considered to be in the normal course of the Agency's activities. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

8. Comparative Figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.

9. Subsequent Events:

The Agency has entered into an agreement to upgrade its IAS Property Tax System software. The agreement commenced on April 28, 2011 and will continue through December 31, 2013. The upgrade is expected to cost the Agency approximately $922,820 over the period of April 28, 2011 to December 31, 2013.